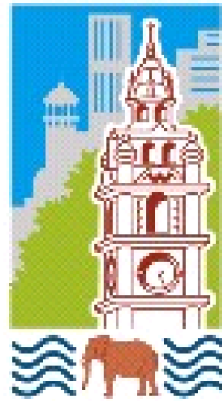


**CITY OF CHOICE**



**PIETERMARITZBURG  
MSUNDUZI**

**THE MSUNDUZI MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## General Information

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<b>Legal form of entity</b>	Category B Municipality in terms of section 1 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) read with section 155(1) of the Constitution of the Republic of South Africa (Act 108 of 1996)
<b>Nature of business and principal activities</b>	<p>The primary function of the Msunduzi Municipality is to provide basic services i.e. water, electricity, sanitation, and refuse to the Msunduzi jurisdiction.</p> <p>The Msunduzi Municipality is controlled by a mayor, deputy mayor, the accounting officer, speaker, ten executive committee members and five general managers who contribute to day-to-day management.</p>
<b>Grading of local authority</b>	Category - B
<b>Controlling entity</b>	The Msunduzi Municipality
<b>Municipal entity</b>	Safe City Msunduzi (Pty) Ltd
<b>Registered office</b>	The City Hall 260 Church Street Pietermaritzburg 3201
<b>Business address</b>	The City Hall 260 Church Street Pietermaritzburg 3201
<b>Postal address</b>	The City Hall Private Bag X321 3200
<b>Telephone</b>	(033)392 2206
<b>Facsimile</b>	(033) 392 2208
<b>Bankers</b>	First National Bank
<b>Auditor</b>	The Auditor General of South Africa
<b>Website</b>	<a href="http://www.msunduzi.gov.za">www.msunduzi.gov.za</a>
<b>Acting accounting officer</b>	Sizwe Hadebe
<b>Chief Finance Officer (CFO)</b>	Nelisiwe Margret Ngcobo
<b>Legislation governing the municipality's operations</b>	Municipal Finance Management Act (Act 56 of 2003)  The Constitution of the Republic of South Africa ( Act 108 of 1996)  Municipal Structures Act (Act 117 of 1998)  Municipal Systems Act (Act 32 of 2000)
<b>Executive Committee</b>	Mayor - Njilo Mduduzi Jerome Deputy Mayor - Zuma Thobani Reginald Magubane Vusumuzi Truman

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## General Information

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### Councillors

Schalkwyk Mary  
Msimang Prudence Nokuthula  
Majola Jerome Sibongiseni  
Khumalo Sphamandla Dennis  
Mc Arthur Glenn Robert  
Dlamini Tholakele Ignatia  
Ntombela Thinasonke Dennis  
Sithole Philisiwe  
Majola Nomagugu Eunice

Lambert William Francis  
Ngubo Jabulisile Joyce  
Dlela Nomalady Eleanor  
Oumar Mehmood-UI Hassan  
Singh Melika  
Chetty Claudell Milany  
Strachan Ross Bryan  
Madlala Siphamandla Sydney  
Mbanjwa Nkosinathi Maxwell  
Goga Mohammed Salim  
Zuma Bukelani Ephraim  
Lyne Sandra Patricia  
Zungu Ningi Jostinah  
Ngcobo Jeffrey Mbuyiselwa  
Winterbach Ludwig Johann  
Soobiah Rachel  
Mhlongo Snothi Raphael  
Molefe Thabiso Patrick  
Sithole Thamsanqa Wonderboy  
Ngubo Manqoba  
Gwala Nelisiwe Jennet  
Nhlabathi Bongumusa Cyril  
Haswell Uraisha Jasomay  
Zondi Dolo Phillip  
Amod Michael Ismail  
Sokhela Balozile Cynthia  
Dlamini Sandile Wellington  
Majola Sboniso Terrence  
Zungu Thandiwe Rose  
Sokhela Mansizwa Simon  
Zuma Michael Bhekabantu  
Mtshali Blessing Sbusiso  
Zondo Makhosazane Precious  
Gambu Nkosinathi Chasewell  
Nene Jabulani  
Ngongoma Xolani Ellington  
Dlamini Godman Nkosivelile  
Shange Sandile Cyril  
Sivnath Rajdave  
Duma Prince Dumisa  
Nene S'fiso Derrick

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## General Information

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Ngcobo Kathrine Malindi  
Ahmed Rooksana  
Madlala Linda Linford  
Gwala Sindisiwe Cydy  
Mkhize Mtuza Bhekthemba  
Ahmed Najmah Banu  
Ndlovu Nelisiwe Zanele  
Madondo Ignatia Thandiwe  
Niemand Rienus  
Jugmohan Renesha  
Ngube Gugu Mary-Jane  
Dlamini Ambrosia Sibongile  
Mkhize Dorcas Sibongile  
Ntshangase Ntuthuko  
Ngubo Regina Zinhle  
Mncwango Gladness Sibongile  
Inderjit Manilal  
Ntombela Ethel Zodwa  
Atwaru Naleni  
Phungula Dumisani Bernard  
Madonda Sipho Innocent  
Ngubane Sandile Duncan  
Zondi Hamilton Mlungisi  
Ndawonde Siphiwe Caiphas

**The Msunduzi Municipality**  
The Annual Financial Statements for the year ended 30 June 2017

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### Abbreviations

ASB	Accounting Standards Board
COID	Compensation for Occupational Injuries and Diseases
CPI	Consumer Price Index
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
DSB	Development Services Board
FNB	First National Bank
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
KZN	Kwazulu Natal
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
NATIS	National Traffic Information System
NCT	Natal Co-operative Timber Tree Farming (Pty) Ltd
NJMPF	Natal Joint Municipal Pension Fund
NPA	Natal Provincial Administration
PAYE	Pay As You Earn
RMB	Rand Merchant Bank
UIF	Unemployment Insurance Fund
VAT	Value Added Taxation

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

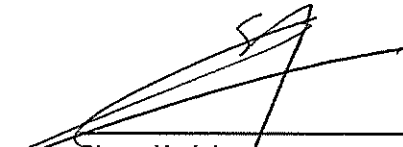
## Accounting Officer's Responsibilities and Approval

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### Certification by the Acting City Manager

I am responsible for the preparation of these annual financial statements which set out on page 1 to 119, in terms of Section 126(1) of the Municipal Finance Management Act (56 of 2003) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 48 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearer Act and the Minister of Provincial and Local Governments determination in accordance with this Act.

  
\_\_\_\_\_  
Sizwe Hadebe  
Acting Accounting Officer

31/08/2017

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	677,947,469	969,623,952
Consumer debtors	4	1,008,151,746	1,112,206,494
Inventories	5	66,137,638	66,505,235
Short term investment	6	8,799,357	8,318,183
Trade receivable from exchange transactions	7	17,257,663	18,234,698
Trade receivables from non-exchange transactions	8	31,715,987	30,398,380
VAT receivable	22	8,293,093	-
		<b>1,818,302,953</b>	<b>2,205,286,942</b>
<b>Non-Current Assets</b>			
Agricultural assets	9	54,067,683	54,275,801
Heritage assets	10	226,212,346	233,948,936
Intangible assets	11	50,602,956	39,881,947
Investment property	12	677,506,002	548,526,130
Property, plant and equipment	13	6,665,080,397	6,637,194,494
Other financial assets	14	9,944,611	10,317,110
		<b>7,683,413,995</b>	<b>7,524,144,418</b>
<b>Total Assets</b>		<b>9,501,716,948</b>	<b>9,729,431,360</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Consumer deposits	15	101,381,633	93,516,204
Finance lease obligation	16	346,586	302,029
Other financial liabilities	17	79,368,332	67,761,975
Payables from exchange transactions	18	743,677,063	549,547,832
Provisions	19	7,177,630	6,690,279
Retirement benefit obligation	20	23,038,692	21,141,300
Unspent conditional grants and receipts	21	80,276,486	253,355,946
VAT payable	22	-	53,109,432
		<b>1,035,266,422</b>	<b>1,045,424,997</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	16	-	3,116,878
Provisions	19	56,007,366	67,041,163
Other financial liabilities	17	535,738,525	568,133,347
Retirement benefit obligation	20	608,579,819	625,699,203
		<b>1,200,325,710</b>	<b>1,263,990,591</b>
<b>Total Liabilities</b>		<b>2,235,592,132</b>	<b>2,309,415,588</b>
<b>Net Assets</b>		<b>7,266,124,816</b>	<b>7,420,015,772</b>
Accumulated surplus	23	6,978,266,891	7,143,791,854
Capital replacement reserve (CRR)	24	164,290,005	151,935,999
Housing development fund	25	72,539,975	72,158,774
Revaluation reserve	26	51,027,945	52,129,145
<b>Total Net Assets</b>		<b>7,266,124,816</b>	<b>7,420,015,772</b>

\* See Note 63

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Agency services	27	2,997,556	2,148,412
Interest - consumer debtors and receivables	28	96,347,327	80,450,051
Interest - bank, call and investment accounts	28	57,255,190	68,242,363
Licences and permits	29	520,627	272,395
Operational revenue	30	63,530,381	27,690,392
Rental of facilities and equipment	31	26,144,056	20,850,639
Rendering of services	32	11,165,945	9,169,185
Sale of goods	33	17,405,859	29,330,500
Service charges	34	2,540,096,629	2,482,198,877
<b>Total revenue from exchange transactions</b>		<b>2,815,463,570</b>	<b>2,720,352,814</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	35	795,878,250	742,052,098
<b>Transfer revenue</b>			
Fines, penalties and forfeits	36	18,045,818	52,922,304
Government grants & subsidies	37	933,418,434	769,640,097
Other transfers	38	16,323,701	157,790
<b>Total revenue from non-exchange transactions</b>		<b>1,763,666,203</b>	<b>1,564,772,289</b>
<b>Total revenue</b>		<b>4,579,129,773</b>	<b>4,285,125,103</b>
<b>Expenditure</b>			
Bad debts written off	39	(332,295,447)	(102,368,859)
Bulk purchases	40	(1,865,975,913)	(1,799,213,567)
Contracted services	41	(549,717,237)	(462,004,971)
Depreciation and amortisation	42	(597,067,585)	(504,289,145)
Employee related costs	43	(990,110,031)	(948,875,302)
Finance costs	44	(68,463,041)	(75,071,685)
Inventory consumed	45	(46,024,976)	(32,181,388)
Operational cost	46	(154,180,151)	(143,533,608)
Operating leases	47	(45,819,597)	(21,391,902)
Remuneration of councillors	48	(43,574,297)	(41,763,039)
Transfers and Subsidies	49	(36,447,089)	(26,543,828)
<b>Total expenditure</b>		<b>(4,729,675,364)</b>	<b>(4,157,237,294)</b>
<b>Operating (deficit) surplus</b>		<b>(150,545,591)</b>	<b>127,887,809</b>
Fair value adjustments on investment property	50	128,979,872	(769,277)
Impairment of consumer and traffic fines debtors	51	(113,293,077)	(33,269,597)
Impairment loss	52	(8,354,509)	(49,690,326)
Inventories losses/write-downs	53	(10,262,570)	161,283
(Losses)/gains on agricultural assets	54	(4,255,584)	9,288,973
Loss on disposal of assets	55	(1,304,192)	(1,144,226)
Residual on take on of forestry service		(6,489,315)	-
		<b>(14,979,375)</b>	<b>(75,423,170)</b>
<b>(Deficit) surplus for the year</b>		<b>(165,524,966)</b>	<b>52,464,639</b>

\* See Note 63



# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Changes in Net Assets

Figures in Rand	Housing development fund	Revaluation reserve	Capital replacement reserve	Total reserves	Accumulated surplus	Total net assets
<b>Balance at 01 July 2015</b>	<b>53,882,711</b>	<b>52,129,145</b>	<b>151,935,999</b>	<b>257,947,855</b>	<b>7,605,572,689</b>	<b>7,863,520,544</b>
Changes in net assets						
Effects of prior period error	-	-	-	-	(508,059,460)	(508,059,460)
Adjustments	-	-	-	-	12,090,049	12,090,049
Transfer to HDF	18,276,063	-	-	18,276,063	(18,276,063)	-
Net income (losses) recognised directly in net assets	18,276,063	-	-	18,276,063	(514,245,474)	(495,969,411)
Surplus for the year	-	-	-	-	52,464,639	52,464,639
Total recognised income and expenses for the year	18,276,063	-	-	18,276,063	(461,780,835)	(443,504,772)
Total changes	18,276,063	-	-	18,276,063	(461,780,835)	(443,504,772)
<b>Restated* Balance at 01 July 2016</b>	<b>72,158,774</b>	<b>52,129,145</b>	<b>151,935,999</b>	<b>276,223,918</b>	<b>7,143,791,857</b>	<b>7,420,015,775</b>
Changes in net assets						
Transfer to HDF	381,201	-	-	381,201	-	381,201
Transfer out of revaluation reserve	-	(1,101,200)	-	(1,101,200)	-	(1,101,200)
Transfer in to CRR	-	-	12,354,006	12,354,006	-	12,354,006
Net income (losses) recognised directly in net assets	381,201	(1,101,200)	12,354,006	11,634,007	-	11,634,007
Surplus for the year	-	-	-	-	(165,524,966)	(165,524,966)
Total recognised income and expenses for the year	381,201	(1,101,200)	12,354,006	11,634,007	(165,524,966)	(153,890,959)
Total changes	381,201	(1,101,200)	12,354,006	11,634,007	(165,524,966)	(153,890,959)
<b>Balance at 30 June 2017</b>	<b>72,539,975</b>	<b>51,027,945</b>	<b>164,290,005</b>	<b>287,857,926</b>	<b>6,978,266,891</b>	<b>7,266,124,817</b>
Note(s)		26				

\* See Note 63

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Cash Flow Statement

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		3,046,520,299	3,264,423,733
Government grants and subsidies		933,418,434	769,640,097
Interest revenue		153,602,517	148,692,414
		<u>4,133,541,250</u>	<u>4,182,756,244</u>
<b>Payments</b>			
Employee costs		(1,013,350,290)	(948,875,302)
Suppliers		(2,676,014,351)	(2,594,224,336)
Finance costs		(68,463,041)	(75,071,683)
		<u>(3,757,827,682)</u>	<u>(3,618,171,321)</u>
<b>Net cash flows from operating activities</b>	56	<b>375,713,568</b>	<b>564,584,923</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	13	(267,047,989)	(125,200,186)
Capital work in progress	13	(360,169,919)	(326,798,179)
Increase in short term investments	6	(481,174)	(383,475)
Purchase of other intangible assets	11	(23,899,771)	(23,145,411)
Increase in other financial assets	14	372,500	(1,084,005)
Purchases of heritage assets	10	(168,340)	(157,790)
<b>Net cash flows from investing activities</b>		<b>(651,394,693)</b>	<b>(476,769,046)</b>
<b>Cash flows from financing activities</b>			
Movement in borrowings		(23,860,786)	42,389,165
Movement in consumer deposits		7,865,428	6,485,652
<b>Net cash flows from financing activities</b>		<b>(15,995,358)</b>	<b>48,874,817</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(291,676,483)</b>	<b>136,690,694</b>
Cash and cash equivalents at the beginning of the year		969,623,952	832,933,258
<b>Cash and cash equivalents at the end of the year</b>	3	<b>677,947,469</b>	<b>969,623,952</b>

\* See Note 63

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Agency services	670,000	19,528,000	<b>20,198,000</b>	2,997,556	<b>(17,200,444)</b>	
Rental of facilities and equipment	43,809,000	4,384,000	<b>48,193,000</b>	26,144,056	<b>(22,048,944)</b>	
Interest received - consumer debtors and other receivables	110,179,000	600,000	<b>110,779,000</b>	96,347,327	<b>(14,431,673)</b>	
Rendering of services	-	-	-	11,053,313	<b>11,053,313</b>	
Licences and permits	92,000	(3,000)	<b>89,000</b>	520,627	<b>431,627</b>	
Sale of goods	-	-	-	17,940,985	<b>17,940,985</b>	
Service charges	2,878,830,000	-	<b>2,878,830,000</b>	2,540,096,629	<b>(338,733,371)</b>	
Operational revenue	83,339,000	193,094,000	<b>276,433,000</b>	63,530,381	<b>(212,902,619)</b>	
Interest received - bank, call and investments accounts	49,270,000	-	<b>49,270,000</b>	57,255,190	<b>7,985,190</b>	
<b>Total revenue from exchange transactions</b>	<b>3,166,189,000</b>	<b>217,603,000</b>	<b>3,383,792,000</b>	<b>2,815,886,064</b>	<b>(567,905,936)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	798,728,000	-	<b>798,728,000</b>	795,878,250	<b>(2,849,750)</b>	
<b>Transfer revenue</b>						
Government grants & subsidies	936,905,000	69,713,000	<b>1,006,618,000</b>	933,418,434	<b>(73,199,566)</b>	
Fines, Penalties and Forfeits	18,538,000	4,948,000	<b>23,486,000</b>	18,045,818	<b>(5,440,182)</b>	
Other transfer revenue	-	-	-	16,323,701	<b>16,323,701</b>	
<b>Total revenue from non-exchange transactions</b>	<b>1,754,171,000</b>	<b>74,661,000</b>	<b>1,828,832,000</b>	<b>1,763,666,203</b>	<b>(65,165,797)</b>	
<b>Total revenue</b>	<b>4,920,360,000</b>	<b>292,264,000</b>	<b>5,212,624,000</b>	<b>4,579,552,267</b>	<b>(633,071,733)</b>	
<b>Expenditure</b>						
Employee related costs	(1,035,660,000)	(47,566,000)	<b>(1,083,226,000)</b>	(990,110,031)	<b>93,115,969</b>	
Remuneration of councillors	(43,033,000)	-	<b>(43,033,000)</b>	(43,574,297)	<b>(541,297)</b>	
Depreciation	(506,103,000)	-	<b>(506,103,000)</b>	(597,067,585)	<b>(90,964,585)</b>	
Finance costs	(65,460,000)	(1,670,000)	<b>(67,130,000)</b>	(68,463,041)	<b>(1,333,041)</b>	
Operating leases	-	-	-	(45,819,597)	<b>(45,819,597)</b>	
Bad debts written off	(120,815,000)	-	<b>(120,815,000)</b>	(332,295,447)	<b>(211,480,447)</b>	
Operational costs	(561,162,000)	195,477,000	<b>(365,685,000)</b>	(154,180,151)	<b>211,504,849</b>	
Bulk purchases	(1,936,708,000)	(27,115,000)	<b>(1,963,823,000)</b>	(1,865,975,913)	<b>97,847,087</b>	
Contracted Services	(35,108,000)	(409,669,000)	<b>(444,777,000)</b>	(549,717,237)	<b>(104,940,237)</b>	
Transfers and Subsidies	(148,325,000)	-	<b>(148,325,000)</b>	(36,447,089)	<b>111,877,911</b>	
Inventory consumed	-	-	-	(46,024,976)	<b>(46,024,976)</b>	
<b>Total expenditure</b>	<b>(4,452,374,000)</b>	<b>(290,543,000)</b>	<b>(4,742,917,000)</b>	<b>(4,729,675,364)</b>	<b>13,241,636</b>	
<b>Operating deficit</b>	<b>467,986,000</b>	<b>1,721,000</b>	<b>469,707,000</b>	<b>(150,123,097)</b>	<b>(619,830,097)</b>	
Loss on disposal of assets	-	-	-	(1,304,192)	<b>(1,304,192)</b>	
Impairment of consumer and traffic fines debtors	-	-	-	(113,293,077)	<b>(113,293,077)</b>	

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Fair value adjustments on investment property	-	-	-	128,979,872	<b>128,979,872</b>	
Losses/gains on agricultural assets	-	-	-	(4,255,584)	<b>(4,255,584)</b>	
Residual on take on of forestry service	-	-	-	(6,489,315)	<b>(6,489,315)</b>	
Inventories losses/write-downs	-	-	-	(10,262,570)	<b>(10,262,570)</b>	
Impairment loss	-	-	-	(8,354,509)	<b>(8,354,509)</b>	
	-	-	-	<b>(14,979,375)</b>	<b>(14,979,375)</b>	
<b>Deficit before taxation</b>	<b>467,986,000</b>	<b>1,721,000</b>	<b>469,707,000</b>	<b>(165,102,472)</b>	<b>(634,809,472)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>467,986,000</b>	<b>1,721,000</b>	<b>469,707,000</b>	<b>(165,102,472)</b>	<b>(634,809,472)</b>	

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

### Statement of Financial Position

#### Assets

##### Current Assets

Inventories	741,893,000	-	741,893,000	66,137,638	(675,755,362)	
Short term investment	-	-	-	8,799,357	8,799,357	
Trade receivable from exchange transactions	-	-	-	17,257,663	17,257,663	
Trade receivables from non-exchange transactions	376,487,000	-	376,487,000	31,715,987	(344,771,013)	
VAT receivable	-	-	-	8,293,093	8,293,093	
Consumer debtors	965,247,000	-	965,247,000	1,008,151,746	42,904,746	
Cash and cash equivalents	1,051,657,000	59,806,000	1,111,463,000	677,947,469	(433,515,531)	
	<b>3,135,284,000</b>	<b>59,806,000</b>	<b>3,195,090,000</b>	<b>1,818,302,953</b>	<b>(1,376,787,047)</b>	

##### Non-Current Assets

Agricultural assets	46,520,000	-	46,520,000	54,067,677	7,547,677	
Investment property	356,914,000	-	356,914,000	677,506,002	320,592,002	
Property, plant and equipment	7,021,207,000	63,716,000	7,084,923,000	6,665,080,397	(419,842,603)	
Intangible assets	27,283,000	-	27,283,000	50,602,958	23,319,958	
Heritage assets	-	-	-	226,212,345	226,212,345	
Trade and other receivables	9,455,000	-	9,455,000	-	(9,455,000)	
Other non current assets	179,008,000	-	179,008,000	-	(179,008,000)	
Other financial assets	-	-	-	9,944,611	9,944,611	
	<b>7,640,387,000</b>	<b>63,716,000</b>	<b>7,704,103,000</b>	<b>7,683,413,990</b>	<b>(20,689,010)</b>	

<b>Total Assets</b>	<b>0,775,671,000</b>	<b>123,522,000</b>	<b>0,899,193,000</b>	<b>9,501,716,943</b>	<b>(1,397,476,057)</b>	
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#### Liabilities

##### Current Liabilities

Finance lease obligation	-	-	-	346,586	346,586	
Payables from exchange transactions	1,152,457,000	-	1,152,457,000	743,677,057	(408,779,943)	
Consumer deposits	92,798,000	-	92,798,000	101,381,633	8,583,633	
Retirement benefit obligation	-	-	-	23,038,692	23,038,692	
Unspent conditional grants and receipts	-	-	-	80,276,486	80,276,486	
Provisions	6,084,000	-	6,084,000	7,177,630	1,093,630	
Other financial liabilities	67,762,000	-	67,762,000	-	(67,762,000)	
Other liability 2	-	-	-	79,368,332	79,368,332	
	<b>1,319,101,000</b>	<b>-</b>	<b>1,319,101,000</b>	<b>1,035,266,416</b>	<b>(283,834,584)</b>	

##### Non-Current Liabilities

Other financial liabilities	511,999,000	-	511,999,000	535,738,525	23,739,525	
Retirement benefit obligation	-	-	-	608,579,819	608,579,819	
Provisions	743,548,000	-	743,548,000	56,007,361	(687,540,639)	
	<b>1,255,547,000</b>	<b>-</b>	<b>1,255,547,000</b>	<b>1,200,325,705</b>	<b>(55,221,295)</b>	

<b>Total Liabilities</b>	<b>2,574,648,000</b>	<b>-</b>	<b>2,574,648,000</b>	<b>2,235,592,121</b>	<b>(339,055,879)</b>	
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<b>Net Assets</b>	<b>8,201,023,000</b>	<b>123,522,000</b>	<b>8,324,545,000</b>	<b>7,266,124,822</b>	<b>(1,058,420,178)</b>	
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# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Reserves	172,914,000	-	<b>172,914,000</b>	-	<b>(172,914,000)</b>	
Revaluation reserve	-	-	-	51,027,945	<b>51,027,945</b>	
Capital replacement reserve	-	-	-	72,539,975	<b>72,539,975</b>	
Capitalisation reserve	-	-	-	164,290,005	<b>164,290,005</b>	
Accumulated surplus	8,028,109,000	123,522,000	<b>8,151,631,000</b>	6,978,266,897	<b>(1,173,364,103)</b>	
<b>Total Net Assets</b>	<b>8,201,023,000</b>	<b>123,522,000</b>	<b>8,324,545,000</b>	<b>7,266,124,822</b>	<b>(1,058,420,178)</b>	

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Sale of goods and services	3,413,696,000	10,000,000	<b>3,423,696,000</b>	3,046,520,299	<b>(377,175,701)</b>	
Government grants and subsidies	937,464,000	-	<b>937,464,000</b>	933,418,434	<b>(4,045,566)</b>	
Interest revenue	107,717,000	-	<b>107,717,000</b>	153,602,517	<b>45,885,517</b>	
	<b>4,458,877,000</b>	<b>10,000,000</b>	<b>4,468,877,000</b>	<b>4,133,541,250</b>	<b>(335,335,750)</b>	
<b>Payments</b>						
Employee costs	(3,619,264,000)	56,156,000	<b>(3,563,108,000)</b>	(1,013,350,290)	<b>2,549,757,710</b>	
Suppliers	-	-	-	(2,675,370,168)	<b>(2,675,370,168)</b>	
Finance costs	(65,474,000)	-	<b>(65,474,000)</b>	(68,463,041)	<b>(2,989,041)</b>	
Government grants and subsidies	(191,000)	(7,799,000)	<b>(7,990,000)</b>	-	<b>7,990,000</b>	
	<b>(3,684,929,000)</b>	<b>48,357,000</b>	<b>(3,636,572,000)</b>	<b>(3,757,183,499)</b>	<b>(120,611,499)</b>	
<b>Net cash flows from operating activities</b>	<b>773,948,000</b>	<b>58,357,000</b>	<b>832,305,000</b>	<b>376,357,751</b>	<b>(455,947,249)</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(617,305,000)	(63,716,000)	<b>(681,021,000)</b>	(267,047,989)	<b>413,973,011</b>	
Capital work in progress	-	-	-	(360,169,919)	<b>(360,169,919)</b>	
Increase in short term investment	-	-	-	(481,174)	<b>(481,174)</b>	
Proceeds of other intangible assets	-	-	-	(23,899,771)	<b>(23,899,771)</b>	
Increase in other financial assets	-	-	-	(271,683)	<b>(271,683)</b>	
Purchase of heritage assets	-	-	-	(168,340)	<b>(168,340)</b>	
<b>Net cash flows from investing activities</b>	<b>(617,305,000)</b>	<b>(63,716,000)</b>	<b>(681,021,000)</b>	<b>(652,038,876)</b>	<b>28,982,124</b>	
<b>Cash flows from financing activities</b>						
Movement in borrowings	(67,762,000)	-	<b>(67,762,000)</b>	(23,860,786)	<b>43,901,214</b>	
Movement in consumer deposits	50,000,000	-	<b>50,000,000</b>	7,865,427	<b>(42,134,573)</b>	
<b>Net cash flows from financing activities</b>	<b>(17,762,000)</b>	<b>-</b>	<b>(17,762,000)</b>	<b>(15,995,359)</b>	<b>1,766,641</b>	
Net increase/(decrease) in cash and cash equivalents	138,881,000	(5,359,000)	<b>133,522,000</b>	(291,676,484)	<b>(425,198,484)</b>	
Cash and cash equivalents at the beginning of the year	912,709,000	65,233,000	<b>977,942,000</b>	969,623,953	<b>(8,318,047)</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>1,051,590,000</b>	<b>59,874,000</b>	<b>1,111,464,000</b>	<b>677,947,469</b>	<b>(433,516,531)</b>	

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2017</b>											
<b>Financial Performance</b>											
Property rates	842,558,000	-	842,558,000	-		842,558,000	795,878,250		(46,679,750)	94 %	94 %
Service charges	2,878,830,000	-	2,878,830,000	-		2,878,830,000	2,540,096,629		(338,733,371)	88 %	88 %
Investment revenue	49,330,000	-	49,330,000	-		49,330,000	57,255,190		7,925,190	116 %	116 %
Transfers recognised - operational	489,491,000	57,753,000	547,244,000	-		547,244,000	497,277,040		(49,966,960)	91 %	102 %
Other own revenue	212,797,000	222,551,000	435,348,000	-		435,348,000	465,394,680		30,046,680	107 %	219 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>4,473,006,000</b>	<b>280,304,000</b>	<b>4,753,310,000</b>	<b>-</b>		<b>4,753,310,000</b>	<b>4,355,901,789</b>		<b>(397,408,211)</b>	<b>92 %</b>	<b>97 %</b>
Employee costs	(1,040,938,000)	(47,566,000)	(1,088,504,000)	-	-	(1,088,504,000)	(990,110,031)	-	98,393,969	91 %	95 %
Remuneration of councillors	(43,033,000)	-	(43,033,000)	-	-	(43,033,000)	(43,574,297)	-	(541,297)	101 %	101 %
Depreciation and asset impairment	(507,298,000)	-	(507,298,000)			(507,298,000)	(597,067,585)	-	(89,769,585)	118 %	118 %
Finance charges	(65,474,000)	(1,670,000)	(67,144,000)	-	-	(67,144,000)	(68,463,041)	-	(1,319,041)	102 %	105 %
Materials and bulk purchases	(2,118,107,000)	103,799,000	(2,014,308,000)	-	-	(2,014,308,000)	(1,865,975,913)	-	148,332,087	93 %	88 %
Transfers and grants PAID	(140,526,000)	-	(140,526,000)	-	-	(140,526,000)	(36,447,089)	-	104,078,911	26 %	26 %
Other expenditure	(538,193,000)	(345,106,000)	(883,299,000)	-	-	(883,299,000)	(1,349,440,878)	-	(466,141,878)	153 %	251 %
<b>Total expenditure</b>	<b>(4,453,569,000)</b>	<b>(290,543,000)</b>	<b>(4,744,112,000)</b>	<b>-</b>	<b>-</b>	<b>(4,744,112,000)</b>	<b>(4,951,078,834)</b>	<b>-</b>	<b>(206,966,834)</b>	<b>104 %</b>	<b>111 %</b>
<b>Surplus/(Deficit)</b>	<b>19,437,000</b>	<b>(10,239,000)</b>	<b>9,198,000</b>	<b>-</b>		<b>9,198,000</b>	<b>(595,177,045)</b>		<b>(604,375,045)</b>	<b>(6,471)%</b>	<b>(3,062)%</b>



# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	447,414,000	11,960,000	459,374,000	-		459,374,000	436,141,394		(23,232,606)	95 %	97 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>466,851,000</b>	<b>1,721,000</b>	<b>468,572,000</b>	-		<b>468,572,000</b>	<b>(159,035,651)</b>		<b>(627,607,651)</b>	<b>(34)%</b>	<b>(34)%</b>
Operating deficit (surplus)	-	-	-	-		-	6,489,315		6,489,315	DIV/0 %	DIV/0 %
<b>Surplus/(Deficit) for the year</b>	<b>466,851,000</b>	<b>1,721,000</b>	<b>468,572,000</b>	-		<b>468,572,000</b>	<b>(165,524,966)</b>		<b>(634,096,966)</b>	<b>(35)%</b>	<b>(35)%</b>

### Capital expenditure and funds sources

Total capital expenditure	726,241,000	145,485,000	871,726,000	-		871,726,000	649,184,709		(222,541,291)	74 %	89 %
<b>Sources of capital funds</b>											
Transfers recognised - capital National	447,973,000	11,401,000	459,374,000	-		459,374,000	400,234,108		(59,139,892)	87 %	89 %
Borrowing	158,268,000	-	158,268,000	-		158,268,000	40,245,431		(118,022,569)	25 %	25 %
Internally generated funds	120,000,000	134,084,000	254,084,000	-		254,084,000	208,705,170		(45,378,830)	82 %	174 %
<b>Total sources of capital funds</b>	<b>726,241,000</b>	<b>145,485,000</b>	<b>871,726,000</b>	-		<b>871,726,000</b>	<b>649,184,709</b>		<b>(222,541,291)</b>	<b>74 %</b>	<b>89 %</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Cash flows</b>											
Net cash from (used) operating	773,947,000	58,357,000	832,304,000	-		832,304,000	375,713,568		(456,590,432)	45 %	49 %
Net cash from (used) investing	(617,305,000)	(63,716,000)	(681,021,000)	-		(681,021,000)	(651,394,693)		29,626,307	96 %	106 %
Net cash from (used) financing	(17,762,000)	-	(17,762,000)	-		(17,762,000)	(15,995,358)		1,766,642	90 %	90 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>138,880,000</b>	<b>(5,359,000)</b>	<b>133,521,000</b>	<b>-</b>		<b>133,521,000</b>	<b>(291,676,483)</b>		<b>(425,197,483)</b>	<b>(218)%</b>	<b>(210)%</b>
Cash and cash equivalents at the beginning of the year	912,709,000	65,233,000	977,942,000	-		977,942,000	969,623,952		(8,318,048)	99 %	106 %
<b>Cash and cash equivalents at year end</b>	<b>1,051,589,000</b>	<b>59,874,000</b>	<b>1,111,463,000</b>	<b>-</b>		<b>1,111,463,000</b>	<b>677,947,469</b>		<b>433,515,531</b>	<b>61 %</b>	<b>64 %</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>2016</b>				
<b>Financial Performance</b>				
Property rates				742,052,098
Service charges				2,482,198,877
Investment revenue				68,242,363
Transfers recognised - operational				466,155,847
Other own revenue				242,615,226
<b>Total revenue (excluding capital transfers and contributions)</b>				<b>4,001,264,411</b>
Employee costs	-	-	-	(948,875,302)
Remuneration of councillors	-	-	-	(41,763,039)
Depreciation and asset impairment	-	-	-	(504,289,145)
Finance charges	-	-	-	(75,071,683)
Materials and bulk purchases	-	-	-	(1,799,213,567)
Transfers and grants	-	-	-	(26,543,828)
Other expenditure	-	-	-	(856,527,456)
<b>Total expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,252,284,020)</b>
<b>Surplus/(Deficit)</b>				<b>(251,019,609)</b>
Transfers recognised - capital				303,484,250
<b>Surplus (Deficit) after capital transfers and contributions</b>				<b>52,464,641</b>
<b>Surplus/(Deficit) for the year</b>				<b>52,464,641</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>Capital expenditure and funds sources</b>				
Total capital expenditure				476,286,307
<b>Sources of capital funds</b>				
Transfers recognised - capital				292,498,173
Borrowing				62,181,455
Internally generated funds				121,606,679
<b>Total sources of capital funds</b>				<b>476,286,307</b>
<b>Cash flows</b>				
Net cash from (used) operating				564,584,923
Net cash from (used) investing				(476,769,046)
Net cash from (used) financing				48,874,817
<b>Net increase/(decrease) in cash and cash equivalents</b>				<b>136,690,694</b>
Cash and cash equivalents at the beginning of the year				832,933,258
<b>Cash and cash equivalents at year end</b>				<b>969,623,952</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003). The reporting framework is as prescribed by the Accounting Standards Board in Directive 5.

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the municipality.

#### 1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### 1.3 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. Significant judgements include:

##### Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

##### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The reporting date reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors together with economic factors.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

#### Useful lives of Property Plant and Equipment

The municipality's management determines the estimated useful lives and related depreciation charges for all assets. These estimates are based on National Treasury Guideline Template. Management will increase or decrease the depreciation charge where useful lives are less or more than previously estimated useful lives.

#### Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 20.

#### Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

#### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

#### Budget information

Deviation between budget and actual amounts exceeding 10 percent are obtained monthly for the preparation of the Section 71 reporting and used during the audit process.

### 1.4 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.5 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

### 1.6 Agricultural assets

The entity recognises a agricultural assets or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Agricultural assets are measured at their fair value less costs to sell.

The fair value of the tree plantations is based on the combined fair value of the land and the trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the trees.

A gain or loss arising on initial recognition of agricultural assets or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a agricultural assets is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

### 1.7 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note ).

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.7 Heritage assets (continued)

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note ).

#### Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

#### Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

#### Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

#### Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.8 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.



# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.8 Intangible assets (continued)

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

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Item	Depreciation method	Average useful life
Computer software, internally generated	Straight line	3 - 5 years
Servitudes	Straight line	Indefinite

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The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised.

### 1.9 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.9 Investment property (continued)

#### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note ).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note ).

### 1.10 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

### 1.10 Property, plant and equipment (continued)

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at depreciated replacement cost, being the cost at the date of assessment less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Assessments are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using cost at the reporting period.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight line	Infinite
Roads	Straight line	5 - 100 years
System security	Straight line	5 - 10 years
Storm water drainage	Straight line	25 - 120 years
Airport infrastructure	Straight line	20 years
Solid waste	Straight line	5 - 50 years
Water and sanitation	Straight line	10 - 100 years
Major substations:buildings	Straight line	5 - 50 years
Transformers and related equipment	Straight line	50 years
Mains	Straight line	45 years
Street lighting	Straight line	50 years
Buildings	Straight line	5 - 50 years
Recreational facilities	Straight line	5 - 50 years
Fresh produce and other markets	Straight line	5 - 50 years
Fire engines	Straight line	20 years
Landfill site	Straight line	5 - 50 years
Transport facilities	Straight line	5 - 50 years
Fencing	Straight line	10 years
Heavy and mobile plant	Straight line	10 - 15 years
Furniture and fittings	Straight line	7 - 10 years
Vehicles	Straight line	5 - 10 years
Bins and containers	Straight line	5 - 10 years
Plant and equipment	Straight line	5 - 15 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when

the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

# **The Msunduzi Municipality**

Annual Financial Statements for the year ended 30 June 2017

## **Accounting Policies**

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### **1.11 Capital under construction**

Incomplete construction work is recognised as capital under construction and measured at cost. Depreciation only commences when the asset is commissioned into use.

### **1.12 Capital commitments**

A capital commitment is a binding agreement to undertake capital expenditure at some set time in the future which has not yet become an actual liability.

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

### **1.13 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Financial instruments are initially recognised at fair value. In the case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.13 Financial instruments (continued)

#### Classification

Financial Instruments are categorised according to their nature as either financial instruments at fair value, held at amortised cost, or held at cost. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

#### Trade and other receivables

Trade and other receivables are initially recognised at fair value plus any transaction costs and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the trade and other receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in the Statement of Financial Performance.

An estimate is made for doubtful debts based on the categorisation of debts and a review of past trends in collection rates applied to all outstanding amounts at year-end.

#### Creditors

Trade payables are initially measured at fair value plus any transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

These are initially and subsequently recorded at fair value. For cash flow purposes cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

#### Loans and receivables

Loans and receivables are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in the Statement of Financial Performance for the period. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

#### Fixed and negotiable deposits

Fixed and negotiable deposits are non-derivative financial assets with fixed or determinable payments and fixed maturities that the municipality will hold to maturity. Fixed and negotiable deposits are initially and subsequently measured at fair value which in the case of investments that have an original maturity date of less than 12 months equates the cost. Fixed and negotiable deposits held for greater than 12 months are fair valued annually and the difference recognised in the statement of financial performance.

On disposal of fixed and negotiable deposits, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

#### Classification

Receivables from exchange transactions  
Receivables from non-exchange transactions  
Bank, cash and cash equivalents – notice deposits  
Bank, cash and cash equivalents – call deposits  
Bank, cash and cash equivalents – bank  
Bank, cash and cash equivalents – cash  
Other financial asset2

#### Category

Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at fair value  
Financial asset measured at fair value  
Financial asset measured at fair value  
Financial asset measured at fair value  
Financial asset measured at fair value  
Financial asset measured at fair value

#### Class

#### Category

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# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.13 Financial instruments (continued)

Long term liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non exchange transactions	Financial liability measured at amortised cost
Current portion of long-term liabilities	Financial liability measured at amortised cost

### 1.14 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

#### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

### 1.15 Conditional Grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with all of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Grants and receipts of a revenue nature: income is transferred as revenue to the Statement of Financial Performance to the extent that the criteria, conditions or obligations have been met.

### 1.16 Impairment of non-cash-generating assets

Non - cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.16 Impairment of non-cash-generating assets (continued)

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

#### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.16 Impairment of non-cash-generating assets (continued)

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.17 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.



# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

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### 1.17 Impairment of cash-generating assets (continued)

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

### 1.18 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01-07-2016 to 30-06-2017.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### 1.19 Comparative figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### 1.20 First time adoption of Municipal Standard Chart of Accounts ("mSCOA")

The municipality adopted the Municipal Standard Chart of Accounts "mSCOA" from the 1 July 2016, and have prepared the annual financial statements for the year ended 30 June 2017, in accordance with the mSCOA classification as stipulated in version 5.4. The adoption of mSCOA is not a deviation of Generally Recognised Accounting Practice (GRAP). The adoption of the mSCOA classification resulted in the municipality having to restate the prior year figures in accordance with the mSCOA classification. The municipality has far as practicability possible restated the prior year figures in line with current mSCOA classification. The result of the above is that some of the prior year figures are not comparable, and do not have the level of detail as current year mSCOA classification.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.21 Employee benefits

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

#### Post-employment benefits

The municipality provides retirement benefits for its employees and councillors. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

The Natal Joint Provident, Dynamique Ambrella (Pietermaritzburg Provident Fund) and Umgeni Provident Fund are defined contribution plans. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

The Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.21 Employee benefits (continued)

#### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation

The Natal Joint Pension Fund, Government Employees Pension Fund, Association Institution Pension Fund, South African Local Authorities Pension Fund and the Councillors Pension Fund are defined benefit. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.21 Employee benefits (continued)

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.21 Employee benefits (continued)

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

#### Pension obligations

The Municipality's employees contribute to 7 different Pension Funds, of which the Natal Joint Provident and Retirement Pension Fund cater for the majority of the staff.

The following are defined contribution and benefit funds

- \*The Natal Joint Provident fund,
- \* Dynamique Ambrella (Pietermaritzburg Provident Fund),
- \*Umgeni Water Provident Fund
- \*Government Employees Pension Fund,
- \*Association Institution Pension Fund,
- \*South African Local Authorities Pension Fund and
- \* Councillors Pension Fund
- \*LGM retirement for Municipal Manager

Actuarial valuations are conducted on an interim basis each year with a statutory valuation undertaken every three years. Consideration is given to any extent that could impact the Funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The Municipality has both defined benefit and defined contribution plans.

The liability / asset recognized in the statement of financial position in respect of defined benefit pension plans is equal to the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Past-service costs are recognised immediately against revenue.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Natal Joint Retirement Funds, Government Employee Pension Fund and Associated Institution Pension Fund are defined benefit funds

The Natal Joint Provident Fund, Pietermaritzburg and South African Local Authority are defined contribution funds.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.21 Employee benefits (continued)

#### Other post retirement obligations

The municipality provides post-retirement health care benefits, upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

### 1.22 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.22 Revenue from exchange transactions (continued)

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

#### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.23 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.23 Revenue from non-exchange transactions (continued)

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

### 1.24 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.25 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.26 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.27 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.



# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.27 Provisions and contingencies (continued)

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

### 1.28 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

### 1.29 Internal reserves

#### Capital replacement reserve (CRR)

The CRR is an asset financing source that represents an alternative to the other funding sources available to the Municipality namely external loans (interest bearing borrowings) and government grants & subsidies. It is a GRAP requirement that the balance on the CRR must always be represented by cash, which must be held in a separate identifiable investment account.

Subsequent to the implementation of GRAP in 2008, Reserves and Funds had to be discontinued as they are not permissible in terms of GRAP. However, the National Treasury determined that the CRR is one of the few funds and reserves that are allowed. Therefore, it is a requirement that since fund accounting is not allowed in terms of GRAP, for disclosure in the Annual Financial Statements, CRR forms part of Accumulated Surplus and should not be disclosed on the face of the Statement of Financial Position.

As a matter of principle, the focus is the manner in which these reserves are created and accounted for, which in this instance the capital replacement of major components of Infrastructure Assets in the event of technical failure. For accounting purposes, the CRR will be created by transferring amounts out of Accumulated surpluses/deficits to the respective reserve account, or vice versa, in the Statement of Changes in Net Assets. The net effect of these transfers will be nil in the Statement of Changes in Net Assets, and will not affect the value of reserves in totality. It is the requirement of GRAP that no transactions should be accounted for, directly to the Statement of Changes in Net Assets other than those specifically allowed in terms of GRAP, i.e. Revaluation Surplus Reserve. Therefore, situations should be avoided where reserves are created and accounted for, by taking amounts directly to the Statement of Changes in Net Assets thereby circumventing the Statement of Financial Performance.

The Municipality has determined a policy on the revenue sources that will be used to maintain or increase the balance of the CRR. These revenue sources include, but not limited to, the following:

- Interest earned by the municipality on the CRR investment account;
- Cash proceeds from the sale of any item of PPE or Investment Property;
- Percentage of amount that was utilised in the previous financial year for the purchase of items of PPE and
- VAT input recovered from SARS.

The CRR will only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and will not be used for the maintenance of such items.

#### Revaluation reserve

The surplus arising from the revaluation of heritage assets is credited to a non-distributable reserve. The revaluation surplus is realised as revalued artworks are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.29 Internal reserves (continued)

#### Self insurance reserve

The municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally (adapt to specific circumstances).

Claims are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

The municipality operates a self-insurance scheme under the Self-Insurance Reserve, which has a policy that is aligned with the practice in the Insurance Industry. The balance of the Self-Insurance Reserve is determined based on surpluses accumulated since inception.

These surpluses arise from the differences between premiums charged against claims paid and various administrative expenditure incurred.

At the end of each financial year the surplus as computed per above is transferred from accumulated surplus to Self-Insurance Reserve.

Premiums are calculated on past claims experienced and are charged to the various Clusters.

The balance of the self-insurance fund is fully cash backed and is invested in fixed and negotiable deposits.

#### Compensation for occupational injuries and diseases (COID) reserve

The Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993) is to provide for payment of medical treatment and compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases. The contribution to the COID fund is 0.75% of the salary expense. The municipality is an exempt employer in terms of Section 84 (1) (a)(ii) & (2) and as such does not pay any assessments to the COID Commissioner. In terms of the exempt status the municipality is mandated to establish its own fund and administers this fund in terms of the COID Act.

### 1.30 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.31 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

# **The Msunduzi Municipality**

Annual Financial Statements for the year ended 30 June 2017

## **Accounting Policies**

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### **1.32 Offsetting**

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

### **1.33 Use of estimates**

The preparation of annual financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

### **1.34 Change in accounting policy, estimates and errors**

When accounting errors have been identified in the current year, the correction is applied retrospectively as far as it is practicable and the prior year comparatives are restated accordingly. When there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practicable and the prior year comparative is restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustments is made retrospectively as far as is practicable and the prior year comparative are restated accordingly

# The Msunduzi Municipality

The Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued and adopted

Entities are required to apply the standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the following standards of GRAP:

<u>Reference</u>	<u>Topic</u>
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

IGRAP 1	Applying the Probability Test on Initial Recognition of Exchange Revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers

## The Msunduzi Municipality

The Annual Financial Statements for the year ended 30 June 2017

### Notes to the Annual Financial Statements

Figures in Rand	2017	2016
IGRAP 13	Operating Leases – Incentives	
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services	
IGRAP 16	Intangible Assets – Website Costs	

#### 2.2 Standards and interpretations issued , but not yet effective

Standards of GRAP approved but, for which the Minister of Finance has not yet determined an effective date , that have been early adopted by the municipality

<u>Reference</u>	<u>Topic</u>
GRAP 18	Segment Reporting
GRAP 20	Related Party Disclosures
GRAP 32	Service Concession Arrangements: Grantor
GRAP 108	Statutory Receivables
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	58,301	51,485
Bank balances	8,206,550	82,373,108
Short term deposits - call	455,728,289	577,199,359
Short term deposits - fixed	213,954,329	310,000,000
	<b>677,947,469</b>	<b>969,623,952</b>

Average rate of return	7.15	10.00
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Due to the short term nature of these investments no amortisation was performed.

Fair value is taken at face value.

No cash and cash equivalents were pledged as security for any financial liabilities.

No restrictions exist with regard to the use of cash.

No portion is past due or impaired.

#### Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings. Although credit quality can be assessed, the Municipality did not apply any methods to evaluate the credit quality.

#### The municipality had the following bank accounts

First National Bank	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
Acc. No: 5094187782 ( Primary)	72,518,159	111,808,444	101,639,370	(11,620,567)	63,060,729	24,227,622
Acc. No: 62058007264 (Slum clearance)	-	-	19,031,558	-	-	19,380,206
Acc. No: 50941840627 ( Market)	-	3,207,458	5,097,926	-	3,180,472	2,440,056
Acc. No: 62069378539 (Pietermaritzburg airport)	1,984,088	4,409,873	3,244,011	6,778,723	4,409,873	3,244,011
Acc. No: 50930082248 ( Forestry)	7,337,308	63,225	72,177	7,316,438	63,225	72,177
Acc. No: 62003432846 ( Salaries PACs no.1)	68,195	181,002	149,813	4,099,149	181,002	149,813
Acc. No: 62279194650 ( Forestry)	-	11,658,008	5,127,561	-	11,658,008	5,127,561
Acc. No : 62006041157 (Post Office)	-	-	-	1,632,807	-	-
<b>Total</b>	<b>81,907,750</b>	<b>131,328,010</b>	<b>134,362,416</b>	<b>8,206,550</b>	<b>82,553,309</b>	<b>54,641,446</b>

The electronic bank account (50940058750) is swept daily into the primary bank account and is reflected as an aggregated balance.

The municipality uses a prepaid electricity vendors, who provides a facility to the value of R 295,000 for the municipality to issue prepaid electricity tokens. This facility works on an imprest system.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>4. Consumer debtors</b>		
<b>Gross balances</b>		
Electricity	574,136,895	599,219,229
Property rental	35,355,674	37,475,507
Rates	507,437,534	471,904,659
Refuse	80,120,083	82,552,107
Sanitation	147,804,389	154,894,593
Water	725,869,487	729,590,146
	<b>2,070,724,062</b>	<b>2,075,636,241</b>
<b>Less: Allowance for impairment</b>		
Electricity	(305,064,512)	(272,503,137)
Property rental	(18,382,501)	(16,837,935)
Rates	(270,530,912)	(244,503,750)
Refuse	(43,777,979)	(40,099,590)
Sanitation	(78,417,837)	(71,828,877)
Water	(346,398,575)	(317,656,458)
	<b>1,062,572,316</b>	<b>(963,429,747)</b>
<b>Net balance</b>		
Electricity	269,072,383	326,716,092
Property rental	16,973,173	20,637,572
Rates	236,906,622	227,400,909
Refuse	36,342,104	42,452,517
Sanitation	69,386,552	83,065,716
Water	379,470,912	411,933,688
	<b>1,008,151,746</b>	<b>1,112,206,494</b>
<b>Rates</b>		
Current (0 -30 days)	55,229,850	54,246,731
31 - 60 days	26,525,845	25,614,226
61 - 90 days	12,825,068	12,116,706
91 - 120 days	10,981,517	9,030,477
121 - 365 days	22,057,259	25,433,276
> 365 days	379,817,995	345,463,243
	<b>507,437,534</b>	<b>471,904,659</b>
<b>Electricity</b>		
Current (0 -30 days)	188,779,499	174,545,364
31 - 60 days	82,897,232	68,223,513
61 - 90 days	23,463,177	23,501,402
91 - 120 days	5,991,029	6,497,356
121 - 365 days	10,558,076	18,244,826
> 365 days	262,447,882	308,206,768
	<b>574,136,895</b>	<b>599,219,229</b>
<b>Water</b>		
Current (0 -30 days)	48,806,005	46,694,902
31 - 60 days	30,839,163	29,647,055
61 - 90 days	20,084,681	19,022,079
91 - 120 days	19,505,686	18,622,500
121 - 365 days	52,132,511	53,952,387
> 365 days	554,501,441	561,651,223
	<b>725,869,487</b>	<b>729,590,146</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>4. Consumer debtors (continued)</b>		
<b>Sanitation</b>		
Current (0 -30 days)	13,277,354	11,924,372
31 - 60 days	6,091,657	5,737,078
61 - 90 days	3,729,672	3,313,548
91 - 120 days	3,763,654	3,192,557
121 - 365 days	9,435,231	8,731,953
> 365 days	111,506,821	121,995,085
	<b>147,804,389</b>	<b>154,894,593</b>
<b>Refuse</b>		
Current (0 -30 days)	7,196,864	6,856,608
31 - 60 days	3,591,076	3,641,932
61 - 90 days	1,813,918	1,719,857
91 - 120 days	1,655,824	1,638,908
121 - 365 days	4,615,519	4,606,650
> 365 days	61,246,882	64,088,152
	<b>80,120,083</b>	<b>82,552,107</b>
<b>Property rental</b>		
Current (0 -30 days)	613,771	658,999
31 - 60 days	547,018	606,105
61 - 90 days	509,997	575,328
91 - 120 days	509,956	566,289
121 - 365 days	1,510,010	1,669,929
> 365 days	31,664,922	33,398,857
	<b>35,355,674</b>	<b>37,475,507</b>



# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>4. Consumer debtors (continued)</b>		
<b>Summary by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	128,742,491	121,464,794
31 - 60 days	72,472,794	66,254,678
61 - 90 days	42,547,678	40,436,495
91 - 120 days	39,967,583	39,174,706
121 - 365 days	104,587,330	114,420,552
> 365 days	1,155,139,032	1,170,617,613
	<u>1,543,456,908</u>	<u>1,552,368,838</u>
Less: Allowance for impairment	(877,508,215)	(670,610,061)
	<b>665,948,693</b>	<b>881,758,777</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	165,881,579	158,376,771
31 - 60 days	76,038,657	63,252,618
61 - 90 days	24,876,455	26,078,869
91 - 120 days	7,098,737	7,109,206
121 - 365 days	11,833,633	19,170,580
> 365 days	113,725,950	150,964,947
	<u>399,455,011</u>	<u>424,952,991</u>
Less: Allowance for impairment	(209,735,862)	(200,312,096)
	<b>189,719,149</b>	<b>224,640,895</b>
<b>National and provincial government</b>		
Current (0 -30 days)	29,598,377	25,421,050
31 - 60 days	11,803,874	14,048,546
61 - 90 days	4,469,398	3,466,154
91 - 120 days	4,528,518	2,769,675
121 - 365 days	9,977,708	6,322,334
> 365 days	67,434,266	46,286,653
	<u>127,812,141</u>	<u>98,314,412</u>
<b>Total</b>		
Current (0 -30 days)	324,222,447	305,262,615
31 - 60 days	160,315,326	143,555,843
61 - 90 days	71,893,531	69,981,518
91 - 120 days	51,594,838	49,053,587
121 - 365 days	126,398,670	139,913,466
> 365 days	1,336,299,250	1,367,869,212
	<u>2,070,724,062</u>	<u>2,075,636,241</u>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(963,429,747)	(973,291,016)
Contributions to allowance	(99,142,569)	-
Reversal of allowance	-	9,861,269
	<b>1,062,572,316</b>	<b>(963,429,747)</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>5. Inventories</b>		
Agricultural	1,097,461	1,020,854
Consumables	20,366,799	21,138,274
Materials and supplies	37,755,373	37,827,466
Water	6,918,005	6,518,641
	<b>66,137,638</b>	<b>66,505,235</b>

Inventories has been recorded using the weighted average cost method.

Inventories are carried at lower of cost or net realisable value.

Impairment of inventories includes redundant and obsolete stock of R34 434 428 (2016:Rnil)

Inventories written up during the year amounted to R24 171 858 (2016:161 283).

### 6. Short term investment

COID short term investment invested at 7.15% (2016: 8.9%)	8,799,357	8,318,183
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### 7. Trade receivable from exchange transactions

Accrued revenue	360,455	-
Housing debtors	-	1,334,595
Insurance claims	4,039,047	4,045,661
Land sale debtors	66,386	66,386
Market	2,676,290	2,204,302
Overpayment of contractors	5,235,380	5,235,380
Prepaid electricity	2,335,192	-
Skills development accrual	2,526,420	5,348,374
Water meter refunds	18,493	-
	<b>17,257,663</b>	<b>18,234,698</b>

### Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

#### Housing debtors

The housing debtors has been reclassified as part of consumer debtors for the current year.

### 8. Trade receivables from non-exchange transactions

Fines	31,715,987	30,398,380
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### Trade receivables from non-exchange transactions pledged as security

Trade and other receivables from non exchange transactions were not pledged as security for overdraft facilities.

### Credit quality of trade receivables from non-exchange transactions

Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

In terms of IGRAP 1( Applying the probability test on initial recognition of evenue ) trade and other receivables from non exchange transactions are accounted for on an accrual basis.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 9. Agricultural assets

	2017			2016		
	Valuation	Nett movement for the year	Carrying value	Valuation	Nett movement for the year	Carrying value
Trees in a plantation forest	54,275,801	(208,118)	54,067,683	44,831,368	9,444,433	54,275,801

#### Reconciliation of agricultural assets - 2017

	Opening balance	Nett decrease in value	Total
Plantation forest	54,275,801	(208,118)	54,067,683

#### Reconciliation of agricultural assets - 2016

	Opening balance	Nett increase in value	Total
Plantation forest	44,831,368	9,444,433	54,275,801

#### Pledged as security

No agricultural assets have been pledged as security

#### Other information

The agricultural assets have been measured at fair value less costs to sell in accordance with GRAP 20.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### 10. Heritage assets

	2017			2016		
	Cost / Valuation	Nett movement for the year	Carrying value	Cost / Valuation	Nett movement for the year	Carrying value
Heritage assets	233,039,049	(6,826,703)	226,212,346	233,971,909	(22,973)	233,948,936

#### Reconciliation of heritage assets 2017

	Opening balance	Donated	Devaluation	Impairment losses	Total
Heritage assets	233,948,935	168,341	(1,101,200)	(6,803,730)	226,212,346

#### Reconciliation of heritage assets 2016

	Opening balance	Donation received	Reclassification on	Total
Heritage assets	232,025,463	157,791	1,765,682	233,948,936

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 10. Heritage assets (continued)

#### Pledged as security

No heritage assets have been pledged as security for any financial liabilities.

#### Other information

The Msunduzi Municipality has elected to use the cost model when accounting for heritage assets, except for artworks.

Artworks whose fair value can be measured reliably are carried at the revalued amount, being their fair value at the date of valuation less any subsequent impairment losses.

Artworks were last valued in the 2014/2015 financial year. According to Msunduzi Municipality's accounting policy, artworks are being revalued after every 4 years.

The value of buildings measured using the cost model that are included in the above disclosure note is R39 710 389 (2016: R39 710 389).

The value of artworks measured using the revaluation model is R193 181 020 (2016: R193 181 020).

#### List of heritage assets where the values cannot be determined

##### 1. Legal Deposit collection at the Bessie Head Library

In 1916, the Natal Society Library (now the Msunduzi Municipal Library – Bessie Head Library) was identified as one of 5 libraries in South Africa accorded Legal Deposit status. This privilege helped make it into one of South Africa's major research and information libraries. Legal Deposit Libraries play a unique and very important role as custodians, in perpetuity, of this country's cultural wealth and information. They also have to make this information available, as widely as possible, to the citizens of South Africa. The Legal Deposit Collection has become an important asset. Since 1916, the Msunduzi Municipal Library has amassed a huge collection of South African books, pamphlets, periodicals, maps and newspapers which it has to preserve for future generations.

Due to the nature of the class of heritage assets the Department of Arts and Culture has confirmed that there is no monetary value as there is no active market.

#### Expenditure incurred to repair and maintain heritage assets

##### Expenditure incurred to repair and maintain heritage assets included in Statement of Financial Performance

Contracted services	14,846	-
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### 11. Intangible assets

	2017			2016		
	Cost	Nett movement for the year	Carrying value	Cost	Nett movement for the year	Carrying value
Computer software	85,628,394	(35,829,284)	49,799,110	61,728,623	(22,650,522)	39,078,101
Servitudes	803,846	-	803,846	803,846	-	803,846
<b>Total</b>	<b>86,432,240</b>	<b>(35,829,284)</b>	<b>50,602,956</b>	<b>62,532,469</b>	<b>(22,650,522)</b>	<b>39,881,947</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 11. Intangible assets (continued)

#### Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software	39,078,101	23,899,771	(13,078,423)	(100,339)	49,799,110
Servitudes	803,846	-	-	-	803,846
	<b>39,881,947</b>	<b>23,899,771</b>	<b>(13,078,423)</b>	<b>(100,339)</b>	<b>50,602,956</b>

#### Reconciliation of intangible assets - 2016

	Opening balance as previously reported	Restatement of opening balance due to prior period error	Additions	Reclassification on	Amortisation	Total
Computer software	16,407,753	363,383	23,145,411	(56,298)	(782,148)	39,078,101
Servitudes	803,846	-	-	-	-	803,846
	<b>17,211,599</b>	<b>363,383</b>	<b>23,145,411</b>	<b>(56,298)</b>	<b>(782,148)</b>	<b>39,881,947</b>

The prior period error relates to the correction of the ICT network that were previously treated as operating leases.

#### Pledged as security

No intangible assets have been pledged as security for any financial liabilities.

### 12. Investment property

	2017			2016		
	Valuation	Nett movement for the year	Carrying value	Valuation	Nett movement for the year	Carrying value
Investment property	548,526,130	128,979,872	677,506,002	539,236,154	9,289,976	548,526,130

#### Reconciliation of investment property - 2017

	Opening balance	Fair value adjustments	Total
Investment property	548,526,130	128,979,872	677,506,002

#### Reconciliation of investment property - 2016

	Opening balance as previously reported	Restatement of opening balance due to prior period error	Disposals	Fair value adjustments	Total
Investment property	647,118,664	(107,882,510)	(1,740,000)	11,029,976	548,526,130

#### Pledged as security

No investment property has been pledged as security for any financial liabilities.

The prior period error relates to the decognition of land, previously recognised as municipal owned property. During the current year deed searches were undertaken and land to the value of R107 882 510 were found to be in the name of private owners.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 12. Investment property (continued)

#### Other information

The Msunduzi Municipality has adopted the fair value model in accounting for investment properties.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Investment property has been accounted for in terms of GRAP 16 comprises land and buildings owned by the Msunduzi Municipality. Investment property is not depreciated but valued annually at year end in order to determine their fair value as prescribed in GRAP 16.

The valuation at 30 June 2017 was performed by BGP Mass Appraisal (Pty) Ltd, independent valuers.

These are independent valuers that are not related to the municipality.

The valuations conform to South African Valuations standards and were arrived at by reference to market evidence of transaction prices for similar properties.

#### Adjustments to valuation in the reconciliation above are attributable to :

\* change in market value of investment property

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand

### 13. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Nett movement for the year	Carrying value	Cost / Valuation	Nett movement for the year	Carrying value
Biological assets	769,726	-	769,726	936,220	(155,460)	780,760
Community	737,996,077	(317,093,444)	420,902,633	672,896,515	(271,380,463)	401,516,052
Finance leases	4,765,630	(2,990,413)	1,775,217	4,431,140	(2,507,049)	1,924,091
Infrastructure	7,102,680,594	2,525,574,444	4,577,106,150	6,635,472,089	2,073,505,003	4,561,967,086
Land and buildings	1,516,078,680	(246,888,599)	1,269,190,081	1,457,834,302	(225,848,865)	1,231,985,437
Other assets	936,557,255	(541,220,665)	395,336,590	914,246,588	(475,225,520)	439,021,068
<b>Total</b>	<b>10,298,847,962</b>	<b>(3,633,767,565)</b>	<b>6,665,080,397</b>	<b>9,685,816,854</b>	<b>(3,048,622,360)</b>	<b>6,637,194,494</b>

### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Capitalised	Capital under construction	Disposals	Depreciation	Donation received	Impairment loss	Total
Biological assets	780,760	(11,034)	-	-	-	-	-	-	769,726
Community	401,516,052	15,560,096	(15,491,854)	60,060,767	-	(45,343,270)	4,970,553	(369,711)	420,902,633
Finance leases	1,924,091	334,495	-	-	-	(483,369)	-	-	1,775,217
Infrastructure	4,561,967,086	127,814,642	(43,920,253)	383,285,758	-	(451,923,073)	28,358	(146,368)	4,577,106,150
Land and buildings	1,231,985,437	42,775,720	(18,431,990)	33,889,048	(22,000)	(21,034,068)	33,600	(5,666)	1,269,190,081
Other assets	439,021,068	51,830,502	(39,221,560)	-	(1,282,191)	(65,205,384)	11,122,850	(928,695)	395,336,590
<b>Total</b>	<b>6,637,194,494</b>	<b>238,304,421</b>	<b>(117,065,657)</b>	<b>477,235,573</b>	<b>(1,304,191)</b>	<b>(583,989,164)</b>	<b>16,155,361</b>	<b>(1,450,440)</b>	<b>6,665,080,397</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand

### 13. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2016

	Opening balance	Restatement of opening balance due to correction of prior period errors	Additions	Capital under construction	Reclassificati on	Disposals	Depreciation	Depreciation disposal	Impairment loss	Total
Land and buildings	1,547,758,135	(292,451,280)	4,809,682	-	(1,773,891)	(674,503)	(25,278,252)	-	(404,454)	1,231,985,437
Infrastructure	4,644,641,847	11,717,511	79,402,777	270,270,348	(100,834)	(10,486,312)	(385,579,232)	(30,007)	(47,869,012)	4,561,967,086
Community	393,138,595	55,421	7,545,093	32,253,765	(3,054,499)	(172,061)	(27,294,272)	496,763	(1,452,753)	401,516,052
Other assets	447,923,336	(1,505,554)	33,442,634	24,274,066	3,219,840	(3,718,065)	(64,500,485)	(150,597)	35,893	439,021,068
Finance leases	2,778,847	-	-	-	-	-	(854,756)	-	-	1,924,091
Biological assets	936,220	-	(155,460)	-	-	-	-	-	-	780,760
	<b>7,037,176,980</b>	<b>(282,183,902)</b>	<b>125,044,726</b>	<b>326,798,179</b>	<b>(1,709,384)</b>	<b>(15,050,941)</b>	<b>(503,506,997)</b>	<b>316,159</b>	<b>(49,690,326)</b>	<b>6,637,194,494</b>



# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 13. Property, plant and equipment (continued)

#### Pledged as security

No property, plant and equipment has been placed as security for financial liabilities.

Refer to Appendix B for the detailed property plant and equipment schedule.

The Msunduzi Municipality has elected the cost model when accounting for property, plant and equipment with the exception of biological assets which are measured at fair value annually.

The Msunduzi Municipality has elected cost model when accounting for property, plant and equipment, with the exception of Biological assets which are measured at fair value annually.

For the financial periods 2013/2014 to 2016/17, the municipality undertook conditional assessment of community and infrastructure assets, which culminated in the additional decrease in remaining useful lives of assets.

This also resulted in the significant increase in depreciation.

The municipality applies the depreciated replacement cost method to calculate impairment.

The impairment loss is as stated in notes above.

The municipality is required to measure the residual value of all items of property, plant and equipment.

Management has determined that none of its infrastructure assets has any active market value, and the net carrying value at the end of their useful lives would therefore be nil or insignificant during the current financial year.

During the current financial year, the municipality reviewed the estimated useful lives and residual values of property, plant and equipment, where appropriate.

The municipality has appointed Metgovis Integrated Property Solutions and Ducharme to perform deed searches of all Msunduzi properties.

The properties with total value of R293 051 755 were de-recognised in the asset register, due to the fact that were registered in the name of private owners.

#### Reconciliation of Work-in-Progress 2017

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	435,274,049	87,650,918	26,141,841	549,066,808
Additions/capital expenditure	444,191,470	58,949,712	71,405,653	574,546,835
Prior period error	(4,385,965)	-	(350,430)	(4,736,395)
Transferred to completed items	(116,257,479)	(15,560,097)	(71,144,681)	(202,962,257)
	<b>758,822,075</b>	<b>131,040,533</b>	<b>26,052,383</b>	<b>915,914,991</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 13. Property, plant and equipment (continued)

#### Expenditure incurred to repair and maintain property, plant and equipment

#### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services	65,307,125	-
Cleaning services	382,470	-
Computer service	11,608,447	-
Consumables	531,230	-
Internal charges - labour	15,452,430	-
Operating leases	10,003,064	-
Uniform and protective clothing	362	-
Material and supplies	2,138,155	-
Preservation and restoration	593,510	-
	<b>106,016,793</b>	<b>-</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### 14. Other financial assets

#### At amortised cost

Housing	9,944,611	10,317,110
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Refer to table below on disclosure relating to housing loans per scheme.

#### Non-current assets

At amortised cost	9,944,611	10,317,110
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#### Financial assets at fair value

Schemes	Average loan period	Average interest rate	Average purchase price	Loan balance	Arrears
Woodlands 7	31	14	7,940	1,881,661	64,422
Woodlands 8	30	14	6,830	33,183	56,112
Woodlands 9	30	14	6,830	104,699	11,817
Northdale 9	30	13	28,966	764,378	47,765
Northdale 10	30	14	13,779	488,193	207,312
Northdale 11	11	11	13,120	57,765	3,757
Northdale 12	30	15	31,485	156,201	19,795
Eastwood 1	29	14	12,802	1,071,580	70,333
Eastwood 2	30	14	10,594	946,620	104,264
Woodland 3	30	15	7,498	27,088	8,400
Northdale 1 sub - economic	30	14	16,487	75,997	1,178
Glenwood	31	14	29,163	1,933,586	117,808
Glenwood self - help	29	14	21,871	3,696,487	634,673
Riverbend 1	30	15	17,665	55,114	305
				<b>11,292,552</b>	<b>1,347,941</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>15. Consumer deposits</b>		
Buildings plans and wayleaves	483	10,000
Electricity	79,529,953	73,463,011
Rates	180,785	180,785
Rental properties	1,921,669	1,715,719
Valuation appeals	8,907	6,714
Water	19,739,836	18,139,975
	<b>101,381,633</b>	<b>93,516,204</b>
Guarantees in lieu of electricity and water deposits	15,090,470	4,297,516
<b>16. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	389,172	3,251,483
- in second to fifth year inclusive	-	389,170
	389,172	3,640,653
less: future finance charges	(42,586)	(221,746)
<b>Present value of minimum lease payments</b>	<b>346,586</b>	<b>3,418,907</b>
<b>Present value of minimum lease payments due</b>		
- within one year	346,586	3,072,323
- in second to fifth year inclusive	-	346,584
	<b>346,586</b>	<b>3,418,907</b>
Non-current liabilities	-	3,116,878
Current liabilities	346,586	302,029
	<b>346,586</b>	<b>3,418,907</b>
The average lease term was 36 months and the average effective borrowing rate was 26% (2016: 9%).		
Refer to Appendix A for further details on finance lease obligations.		
<b>17. Other financial liabilities</b>		
<b>At amortised cost</b>		
External loans	535,738,525	568,133,347
DBSA - funding required for capital expenditure. Loans bear an interest rate between 6.75% and 16.50% (2016: 6.75% and 16.50%). Loans are repayable over a period between 10 to 20 years, repayments are made quarterly and bi-annually.		
During the reporting period the municipality did not default on any of the interest or capital repayments of the external loans.		
Refer to Appendix A for further details on other financial liabilities.		
<b>Non-current liabilities</b>		
At amortised cost	535,738,525	568,133,347
<b>Current liabilities</b>		
At amortised cost	79,368,332	67,761,975

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>18. Payables from exchange transactions</b>		
Accrued Interest	2,966,048	3,630,763
Accrued leave pay	76,885,066	67,330,445
Advance payments	3,052,163	4,086,740
Auditor General and other audit service providers	70,883	122,686
Debtors with credit balances	76,628,916	71,804,680
Electricity bulk purchases	200,363,475	183,732,052
Payables and accruals	115,750,373	137,831,177
Retentions	8,665,453	15,143,278
Salary control	2,429,250	6,227,413
Trade payables	177,894,548	9,442,616
Unallocated deposits	28,202,854	14,358,590
Water bulk purchases	50,768,034	35,837,392
	<b>743,677,063</b>	<b>549,547,832</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 19. Provisions

#### Reconciliation of provisions - 2017

	Opening Balance	Additions	Change in discount factor	Reduction due to re-measurement	Total
Landfill rehabilitation	67,041,163	-	1,543,381	(12,577,178)	56,007,366
Long service awards	6,690,279	487,351	-	-	7,177,630
	<b>73,731,442</b>	<b>487,351</b>	<b>1,543,381</b>	<b>(12,577,178)</b>	<b>63,184,996</b>

#### Reconciliation of provisions - 2016

	Opening Balance	Additions	Change in discount factor	Reduction due to re-measurement	Total
Landfill rehabilitation	61,849,677	-	6,094,651	(903,165)	67,041,163
Long service awards	6,029,351	660,928	-	-	6,690,279
	<b>67,879,028</b>	<b>660,928</b>	<b>6,094,651</b>	<b>(903,165)</b>	<b>73,731,442</b>
Non-current liabilities				56,007,366	67,041,163
Current liabilities				7,177,630	6,690,279
				<b>63,184,996</b>	<b>73,731,442</b>

#### Landfill rehabilitation

The landfill site provision represents management's best estimate of the municipality's rehabilitation liability based on a valuation provided by an external consultant on the remaining useful life of the landfill site.

Envitech Solutions was appointed to provide the provision for the programme for closure of the New England Road landfill site.

#### Alien vegetation provision

According to the National Environmental Management Act, 1998 (Act No. 107 of 1998) the municipality was encouraged to recognise a provision in this regard.

The Department of Agriculture has since 2006 provided considerable support to the Msunduzi Municipality in terms of clearing listed alien invasive plants.

The Msunduzi Municipality's involvement and responsibility is effectively operational support to the Department of Agriculture for the of clearing listed alien invasive plants.

During the last reporting period work was carried out in the following area:

\* Sickle bush : +/- 4HA in Bisley Valley Nature Reserve

An amount of R 59 904 was spent on wages for 8 contracted staff.

An amount of R 50 000 was utilised for the purchase of herbicide, equipment and personal protective clothing for the project.

No work has been carried out during the current reporting period.

#### Long service awards

The long service award provision is created to ensure adherence to SALGA's collective agreement requirements. The estimate is based on the monthly salaries rate at 30 June 2017.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 20. Retirement benefit obligations

#### Defined contribution benefit plan

The Council provides retirement benefits to its employees by contributing to either a pension or provident fund.

Membership to either a pension or provident fund is compulsory for all permanent employees.

The majority of the members and the Council contributes to the Natal Joint Municipal Pension and Provident funds (NJMP), employees contributes to the South African Local Authorities Pension Fund (SALA) and, Associated Institution Pension Fund (AIPF), Pietermaritzburg Provident Fund and Government Employees Pension Fund (GEPF). Employees contributing to SALA, AIPF, Pietermaritzburg Provident Fund and GEPF make up the minority of members contribution to the pension funds.

The Msunduzi Municipality's liability in these funds cannot be determined owing mainly to the assets not being allocated to each employer and one set of financial's being compiled for each fund and not for each contributing employer.

#### Defined contribution plan:

The majority of personnel are members of the following pension funds:

#### Kwa-Zulu-Natal Joint Municipal Provident Fund

An actuarial valuation was performed on 31 March 2016 by Argen Actuarial Solutions.

#### *Results of the valuation*

The Fund self-insures its risk benefits in excess of the full benefit. It therefore maintains a Risk Reserve Account as a measure of protection against volatility in claims experience. The amount of R 19 739 000 required to be held in the Risk Reserve Account.

The Fund is financially sound as at the valuation date.

#### *Benefits of the fund:*

- \* Pension age - 65 years
- \* Earliest retirement age - 58 years (55 years if more than 10 years continuous service)
- \* Full benefit - Initial transfer plus member's contributions plus employer's contributions for full benefits plus investment earnings and bonuses.
- \* Member's portion of full benefits - Initial transfer plus members contributions plus local authorities contributions for full benefits plus interim, special and final bonuses.
- \* Benefit on retirement after earliest retirement age or pension age - full benefit.
- \* Benefit on retirement because of ill health - full benefit.
- \* Benefit on death in service - Full benefit plus 0.7% of annual pensionable salary for each month of potential service to a maximum of 2.1 years salary.

#### *Contributions to the fund:*

#### *Members contributions*

Members may choose to contribute at a rate of 5%, 7% or 9.25% of their pensionable emoluments in terms of regulation 14(a).

#### *Local Authorities Contributions*

Participating employers contribute at a rate of 1.95 times of the rate of members contribution in terms of regulation 17(1)(b).

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 20. Retirement benefit obligations (continued)

*Benchmark:*

Investments:

Domestic Investments 2,426,410,000

International Investments 702,054,000

Risk Reserve Account 19,739,000

Membership 13,117

#### **Natal Joint Municipal Pension Fund: (Superannuation) actuarial valuation**

An actuarial valuation was performed on 31 March 2016 by Argen Actuarial Solutions.

The market value of the Fund's assets was R 10,505,210,000 as at 31 March 2016.

The regulations of the fund have been amended with effect from 1 July 2004, so that the Committee of Management is able to levy a separate surcharge on local authorities which grant excessive salary increases, thereby causing a financial strain on the Fund to the detriment of other stakeholders.

The employers are no longer permitting members to join the Fund, so that it is effectively closed to new members. This means that the average age will increase over time which, in turn, means that the required rate of contribution will also increase. Thus, once the surcharge ceases, the underlying rate of contribution will not be sufficient to meet the cost of the benefits. It is necessary to set aside a reserve to hold assets equal to the expected shortfall. For this reason a "Contribution Reserve is held equal to the present value of the shortfall in terms of the Financial Services Board's Circular PF117 for the 5 years to 2015 when it is expected that the surcharge will cease.

*Benefits of the fund:*

\* Members Contributions - 9.25% of pensionable salaries.

\* Pension age 65 years

\* Final average salary - average annual pensionable salaries during the last year of service.

\* Pension on retirement at pension age - 2.2% of final average emoluments per year of continuous service.

\* Lump sum on retirement at pension age - 8.25% of final average emoluments per year of service.

\* Pension on retirement because of ill-health (minimum ten years continuous service) - pension as for retirement at pension age

\* Lump sum on retirement because of ill-health (minimum 10 years continuous service) - lump sum as for retirement at pension age.

\* Lump sum on retirement because of ill health (less than ten years continuous service) - the greater of the resignation benefit or twice the members contributions.

\* Surviving Spouses pension on death in service - 1,2% of final average emoluments per year of continuous service that the member would have had at the pension age.

\* Surviving Spouses pension on death of pensioner - 1,22% (0,77% in the case of a pensioner who retired before 1 July 1999) of final average emoluments per year of continuous service

\* Lump sum on death in service - Annual pensionable emoluments.10.75% of final average salaries

\* Withdrawal - members contribution plus 5/12% for each month of continuous service (the addition is approximately equal to compound interest at 10% a year) and increased by 5% for each complete year of service up to a maximum of 20 years.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 20. Retirement benefit obligations (continued)

*Benchmark :*

Investments

Domestic 7,983,640,000

International 2,650,168,000

Membership 4,485

**The employees of the Council as well as the Council as employer contribute to municipal pension , retirement and various provident funds as listed below**

Associated Institution pension Fund	122,366	153,176
Councillors Pension Fund	7,434,693	6,555,569
Dynamique Ambrella (Pietermaritzburg Provident Fund)	393,299	470,409
Government Employees Pension Fund	3,462,375	3,816,124
LGM retirement for Municipal Manager	95,903	191,807
Natal Joint Pension Fund	100,878,861	100,069,414
Natal Joint Provident Fund	79,946,814	51,340,121
South African Local Authorities Pension Fund	337,266	380,714
Umgenti Water Provident Fund	-	25,376
	<b>192,671,577</b>	<b>163,002,710</b>

### Post retirement medical aid plan

The municipality operates on 6 accredited medical aid schemes, namely:

- \* Bonitas,
- \* Discovery Health,
- \* Hosmed,
- \* Key-Health,
- \* LA Health and
- \* SAMWU Med,

Pensioners continue on the option they belonged to on the day of their retirement

An actuarial valuation was performed by Arch Actuarial Consulting for the period ended 30 June 2017.

The valuation undertaken in accordance with the requirements of Professional Guidance Note (PPN) 301 of the Actuarial Society of South Africa.

According to the last valuation the accrued liability amounted to R 631 618 511 (2016: R 646 840 503).

**A reconciliation of Msunduzi's accrued liability for the year ending 30 June 2017 is set out below:**

**The amounts recognised in the statement of financial position are as follows:**

<b>Carrying value</b>		
Present value of the defined benefit obligation-wholly unfunded	631,618,511	646,840,503
Non-current liabilities	(608,579,819)	(625,699,203)
Current liabilities	(23,038,692)	(21,141,300)
	<b>(631,618,511)</b>	<b>(646,840,503)</b>

**Changes in the present value of the defined benefit obligation are as follows:**



# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 20. Retirement benefit obligations (continued)

Opening balance	646,840,503	609,937,137
Net (gains)/loss recognised in the statement of financial performance	(15,221,992)	36,903,366
	<b>631,618,511</b>	<b>646,840,503</b>

### Net expense recognised in the statement of financial performance

Current service cost	19,368,373	21,484,513
Interest cost	59,781,354	52,709,999
Actuarial (gains) / losses	(73,230,418)	(19,253,454)
Expected return on plan assets	-	(18,037,692)
	<b>5,919,309</b>	<b>36,903,366</b>

### Changes in the present value of plan assets are as follows:

Opening balance	696,929,274	660,025,908
Contributions by employer	5,919,309	36,903,366
	<b>702,848,583</b>	<b>696,929,274</b>

### Key assumptions used

The projected unit credit method is used as the standard valuation methodology for the valuation done during the reporting period.

The basis used to determine the overall expected rate of return on assets is as follow:

Discount rates used	9.62 %	9.39 %
Expected rate of return on assets	7.90 %	8.45 %
Expected pension increases	5.55 %	5.96 %

### Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	683,720,000	570,935,000
Expected rate of return on assets	551,907,000	731,241,000
Effect on defined benefit obligation	650,957,000	-

Amounts for the current and previous four years are as follows:

### The employees of the Council as well as employer contributes to the municipal medical aids as listed below:

Bonitas	20,434,109	2,322,466
Discovery	160,080	559,757
Hosmed	606,410	145,740
Key Health	29,204,736	18,577,945
LA Health	48,982,527	45,055,204
Samwmed	5,787,395	30,538,349
	<b>105,175,257</b>	<b>97,199,461</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>21. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Electricity	4,569	4,264
Electricity Smart Grids	247,097	230,783
Expanded Public Works Programme	2,896,487	-
Development of a Single Scheme	1,004,504	-
Greater Edendale Development Initiative	1,896,942	9,995,256
Housing	151,416	171,967
Housing Accreditation funding	33,846,353	38,147,554
Integrated National Electrification Programme	3,885,494	551,299
Market	940,793	878,636
Manaye Area Precinct Upgrade	4,350,712	-
Municipal Infrastructure Grant	1,063,876	1,097,944
Municipal Systems Improvement Grant	-	3,797
Municipal Water Services Infrastructure Grant	-	1,299,742
Neighbourhood Development Partnership Grant	20,154,850	29,767,728
Operation Dlusumlando	1,500,000	1,500,000
Public Transportation Infrastructure	-	165,183,494
Library	495,876	4,064,345
Pietermaritzburg Airport	(1,417,762)	-
Publicity House Renovations	2,906	2,714
Spoornet	-	429,454
Tatham Art Gallery	-	26,969
Youth Enterprise Park	9,252,373	-
	<b>80,276,486</b>	<b>253,355,946</b>

### Movement during the year

Balance at the beginning of the year	253,355,946	134,856,624
Funds paid back to National Treasury / grant provider	(196,604,262)	(63,249,000)
Current year receipts	520,537,644	570,146,557
Prior period error - interest not capitalised to housing accreditation grant	-	3,415,128
Current year interest received	4,543,092	1,899,066
Transfer to Municipal Housing Operating Account	(444,499)	(27,308,334)
VAT recovered from National grants as per MFMA circular 58	(36,068,797)	(14,471,095)
Conditions met - transferred to revenue	(465,042,638)	(351,933,000)
	<b>80,276,486</b>	<b>253,355,946</b>

Unfulfilled conditions and other contingencies attaching to government assistance has been recognised as a liability in the Statement of Financial Performance.

The extent of government grants recognised in the statement of financial performance relates to the portion of the grant where the conditions have been fulfilled.

Due to the delay in receiving funding in respect to Pietermaritzburg Airport Grant from KZN Treasury, council funding was used to complete the projects. Funds were received subsequent to year end in the months of July and August 2017 to reimburse council funding.

Refer to Appendix E for details of Unspent Conditional Grants, Receipts and Transfers from National, Provincial, Government and other departments.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 22. VAT receivable and payable

	-	
VAT receivable	8,293,093	-
VAT payable	-	53,109,432
	<b>8,293,093</b>	<b>53,109,432</b>

VAT is payable on the receipt and payment basis.

VAT is only declared to SARS on receipt of payments from consumers.

### 23. Accumulated surplus

#### Ring-fenced internal funds and reserves within accumulated surplus - 2017

	Insurance reserve	COID reserve	Total
Opening balance	46,892,076	8,318,183	55,210,259
Interest earned	-	481,174	481,174
	<b>46,892,076</b>	<b>8,318,183</b>	<b>55,210,259</b>

### 24. Capital replacement reserve (CRR)

Based on the approval by the strategic management committee on the 7th April 2015 the CRR was created by transferring funds of R 151 935 999 from the accumulated surplus.

This reserve will be used for the funding of property, plant and equipment.

Included in the reserve is an amount of R12 354 006 of interest earned on the reserve.

The CRR is a cash backed reserve.

Opening balance	151,935,999	151,935,999
Interest earned	12,354,006	-
	<b>164,290,005</b>	<b>151,935,999</b>

### 25. Housing development fund

Unappropriated surplus	38,283,083	37,901,882
Loans extinguished by Government on 1 April 1998	34,256,892	34,256,892
	<b>72,539,975</b>	<b>72,158,774</b>

#### The housing development fund is represented by the following assets and liabilities

Housing selling scheme loans	9,944,610	10,317,110
Trade and other receivables	35,321,873	30,860,065
Bank and cash	27,273,492	30,981,599
<b>Assets</b>	<b>72,539,975</b>	<b>72,158,774</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 26. Revaluation reserve

The municipality has elected to adopt the revaluation model when accounting for heritage assets - artworks , due to their nature.

Opening balance	52,129,145	52,129,145
Transfers out	(1,101,200)	-
	<b>51,027,945</b>	<b>52,129,145</b>

Artwork was devalued during the current year due to water damage on some of the artwork.

### 27. Agency services

Driver license renewals	2,729,560	1,880,416
Umgungunglovu District Municipality - Fire services	267,996	267,996
	<b>2,997,556</b>	<b>2,148,412</b>

### 28. Interest

#### Interest - consumer debtors and other receivables

Electricity	6,427,389	11,136,170
Merchandising, jobbing and contracts	262,964	2,395,652
Rates	27,666,061	20,236,112
Refuse	4,687,999	3,799,539
Sanitation	9,212,729	7,729,417
South African Revenue Services	1,469,613	-
Water	46,620,572	35,153,161
	<b>96,347,327</b>	<b>80,450,051</b>

#### Interest revenue

Call and investment accounts	53,891,660	66,073,097
Current bank account	3,363,530	2,169,266
	<b>57,255,190</b>	<b>68,242,363</b>
	<b>153,602,517</b>	<b>148,692,414</b>

### 29. License and permits

Abnormal loads	144,896	-
Hoarding (collecting/storing)	103,370	90,168
Market porters	38,600	-
Taxi ranks	141,320	182,227
Trading	92,441	-
	<b>520,627</b>	<b>272,395</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>30. Operational revenue</b>		
Administration and handling fees	2,126,835	362,815
Breakages and losses recovered	1,667	-
Bursary refund	2,950	-
Collection charges	6,034,828	-
Commission - insurance	196,463	-
Commission - transaction handling fees	20,410,431	20,206,823
Cost of free basic services	-	(3,140,466)
Discount and early settlement	6,021	808,711
Incidental cash surplus	702,802	38,547
Inspection fees facilities	525	-
Insurance refund	3,922,774	-
Landing fees	3,309,797	2,912,410
Merchandising, jobbing and contracts	19,842,006	1,749,459
Passenger levy	4,945,442	4,368,604
Request for information - Plan printing and duplicates	64,197	-
Request for information - Municipal information and statistics	1,095	9,463
Sale of property	4,698	-
Skills Development Levy refund	1,784,327	370,086
Staff recoveries	173,523	3,940
	<b>63,530,381</b>	<b>27,690,392</b>
<b>31. Rental of facilities and equipment</b>		
<b>Premises</b>		
Non-residential	18,034,977	14,225,211
Residential	7,353,958	6,030,720
	<b>25,388,935</b>	<b>20,255,931</b>
<b>Facilities and equipment</b>		
Adhoc rentals	579,730	455,783
Recreational facilities	175,391	138,925
	<b>755,121</b>	<b>594,708</b>
	<b>26,144,056</b>	<b>20,850,639</b>
<b>32. Rending of services</b>		
Advertising	607,186	183,902
Building plan approval	1,913,392	2,129,161
Cemetery and burial fees	3,107,048	2,478,548
Encroachment fees	745,165	455,588
Entrance fees	281,068	434,220
Fire services	256,119	278,296
Housing administration fees	115,200	-
GIS data fees	-	1,355
Legal fees	1,345	16,936
Management fees	24,415	543
Rates clearance certificates	1,174,990	1,081,696
Removal of restrictions	177,700	-
Parking fees	2,098,967	1,573,400
Town planning and servitudes	574,215	267,647
Traffic control	76,892	267,893
Wayleave tariffs	12,243	-
	<b>11,165,945</b>	<b>9,169,185</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>33. Sale of goods</b>		
Posters and charts	94	4,896
Sale of scrap and waste	38,555	518,509
Sub-division and consolidation	21,452	126,025
Tender documents	629,026	682,282
Timber sales	15,782,869	27,998,788
Valuation services	16	-
Waste paper	933,847	-
	<b>17,405,859</b>	<b>29,330,500</b>

### 34. Service charges

Electricity	1,865,158,119	1,798,547,758
Refuse	88,928,099	84,239,599
Sanitation	121,806,043	126,390,682
Water	464,204,368	473,020,838
	<b>2,540,096,629</b>	<b>2,482,198,877</b>

Service charges is net of revenue forgone.

### 35. Property rates

#### Rates received

Commercial	392,809,776	381,155,011
Communal land other	8,482,806	2,608,956
Farm properties	933,886	822,227
Mining	79,420	-
Multiple purposes	2,170,638	-
Public benefit organisations	24,650	-
Residential	386,505,082	353,286,250
Small home business	2,085,867	1,956,112
Unauthorised use	2,786,125	2,223,542
	<b>795,878,250</b>	<b>742,052,098</b>

#### Valuations

	Rate per category	2017	2016
Agriculture	0.0029	323,483,000	306,323,000
Commercial	-	21,211,122,624	20,482,892,624
Municipal properties	-	273,989,000	1,152,932,000
Residential	0.0119	36,937,211,527	37,624,058,102
Rural communal land	0.0162	523,630,000	523,630,000
Public benefit organisation	0.0029	650,810,000	629,090,000
Public service infrastructure	0.0029	108,831,000	108,831,000
Vacant land	0.0216	1,240,112,000	1,184,130,000
		<b>61,269,189,151</b>	<b>62,011,886,726</b>

General valuations on properties are performed every 4 years in terms of the Municipal Property Rates Act. The last general valuation came into effect on 1 July 2014. Supplementary valuations are take place on an annual basis to take into account building additions, changes, sub divisions and consolidations.

The valuation roll came into effect on 1 July 2014.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>36. Fines, penalties and forfeits</b>		
Buildings	163,165	-
Law enforcement	17,757,971	52,834,045
Overdue books	43,735	-
Pound fees	77,438	88,259
Tender withdrawal	3,509	-
	<b>18,045,818</b>	<b>52,922,304</b>

In November 2015 the Director: Public Prosecution KwaZulu Natal removed the delegation in respect to speed prosecution by camera from the Municipality. This resulted in the revenue loss from law enforcement activities.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>37. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	432,307,000	395,786,000
Electricity	-	106,146
Expanded Public Works Programme	3,912,513	4,032,001
Finance Management	1,625,000	1,600,000
Greater Edendale Development Initiative	3,619,817	7,017,013
Housing	20,551	106,008
Housing Accreditation Funding	8,014,173	3,270,246
Library	15,386,462	9,939,791
Library Subsidies	-	7,450,000
Manaye Area Precinct Upgrade	799,519	-
Municipal Infrastructure	15,036,282	8,690,153
Municipal Systems Improvement	-	482,290
Pietermaritzburg Airport	1,075,059	-
Public Transportation Infrastructure	15,108,200	27,408,365
Tatham Art Gallery	26,969	267,834
Youth Enterprise Park	345,495	-
	<b>497,277,040</b>	<b>466,155,847</b>
<b>Capital grants</b>		
Electricity Smart Grids	-	4,385,965
Energy Efficiency Demand Side Management	8,000,000	-
Greater Edendale Development Initiative	5,115,210	4,809,683
Housing Accreditation Funding	9,431,221	5,795,300
Integrated National Electrification Programme	4,114,506	9,448,701
Library	8,597,776	3,539,919
Market and Freedom Square Tourism Hub	-	250,538
Municipal Infrastructure	174,516,842	182,668,484
Municipal Systems Improvement	-	443,913
Municipal Water Infrastructure	1,299,742	57,033,258
Neighbourhood Development Partnership	1,955,150	11,114,249
Pietermaritzburg Airport	1,467,147	1,004,166
Public Transport Infrastructure	184,922,800	20,679,382
Publicity House Renovations	-	25,709
Tatham Art Gallery	-	94,783
Urban Renewal	-	2,190,200
Water Services Infrastructure	36,721,000	-
	<b>436,141,394</b>	<b>303,484,250</b>
	<b>933,418,434</b>	<b>769,640,097</b>
<b>Government Grants and Subsidies</b>		
Included in above are the following grants and subsidies received:		
Equitable share	432,307,000	395,786,000
Operating grants	62,765,910	59,434,827
Library subsidies	-	7,450,000
Capital grants	402,276,729	292,498,173
VAT recovered from National grants - operating	2,204,130	3,485,020
VAT recovered from National grants - capital	33,864,665	10,986,077
	<b>933,418,434</b>	<b>769,640,097</b>
<b>Equitable Share</b>		
Current year receipts	432,307,000	395,786,000
Conditions met - transferred to revenue	(432,307,000)	(395,786,000)



# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 37. Government grants and subsidies (continued)

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In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

#### Finance Management Grant

Current-year receipts	1,625,000	1,600,000
Conditions met - transferred to revenue	(1,620,433)	(1,474,690)
VAT recovered from grant as per MFMA Circular 58	(4,567)	(125,310)
	-	-

The purpose of this grant is to promote and support reforms in financial management by building capacity in Local Government

to implement the Local Government : Municipal Finance Management Act (MFMA).

#### Integrated National Electrification Programme

Balance unspent at beginning of year	551,299	25,345,276
Current-year receipts	8,000,000	10,000,000
Grant paid back to National Treasury	(551,299)	(25,345,275)
Conditions met - transferred to revenue	(3,960,459)	(8,770,830)
VAT recovered from grant as per MFMA Circular 58	(154,047)	(677,872)
	<b>3,885,494</b>	<b>551,299</b>

Conditions still to be met - remain liabilities (see note 21).

To implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply.

#### Municipal Infrastructure Grant

Balance unspent at beginning of year	1,097,944	581
Current-year receipts	190,617,000	192,456,000
Grant paid back to National Treasury	(1,097,944)	-
Conditions met - transferred to revenue	(166,947,282)	(191,358,637)
VAT recovered from grant as per MFMA Circular 58	(22,605,842)	-
	<b>1,063,876</b>	<b>1,097,944</b>

Conditions still to be met - remain liabilities (see note 21).

The funding has been provided for addressing specific capital projects for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

#### Municipal Water Services Infrastructure Grant

Balance unspent at beginning of year	1,299,742	-
Current-year receipts	-	58,333,000
Conditions met - transferred to revenue	(1,140,125)	(50,176,099)
VAT recovered from grant as per MFMA Circular 58	(159,617)	(6,857,159)
	-	<b>1,299,742</b>

Conditions still to be met - remain liabilities (see note 21).

To facilitate the planning, acceleration and implementation of various projects that will ensure water supply to those communities identified not receiving basic water supply service.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>37. Government grants and subsidies (continued)</b>		
<b>Neighbourhood Development Partnership Grant</b>		
Balance unspent at beginning of year	29,767,728	9,304,976
Current-year receipts	22,110,000	31,577,000
Grant paid back to National Treasury	(29,767,728)	-
Conditions met - transferred to revenue	(1,652,961)	(10,231,474)
VAT recovered from grant as per MFMA Circular 58	(302,189)	(882,774)
	<b>20,154,850</b>	<b>29,767,728</b>

Conditions still to be met - remain liabilities (see note 21).

Funding provided for to support and facilitate the planning and development of neighbourhood development programs and projects that provide catalytic infrastructure to leverage third party public and private sector development towards improving the quality of life of residents in targeted underserved neighbourhoods.

### Public Transportation Infrastructure Grant

Balance unspent at beginning of year	165,183,494	37,903,968
Current-year receipts	200,031,000	213,271,000
Grant paid back to National Treasury	(165,183,494)	(37,903,726)
Conditions met - transferred to revenue	(191,342,358)	(42,230,642)
VAT recovered from grant as per MFMA Circular 58	(8,688,642)	(5,857,106)
	<b>-</b>	<b>165,183,494</b>

Conditions still to be met - remain liabilities (see note 21).

Funding provided for accelerated planning, construction and improvement of public and non-motorised transport infrastructure.

### Housing Accreditation Funding

Balance unspent at beginning of year	38,147,554	25,973,801
Current-year receipts	10,189,200	17,824,170
Conditions met - transferred to revenue	(17,445,394)	(9,065,545)
Prior period error - interest not capitalised to housing accreditation grant	-	3,415,128
Current year - interest received	2,954,993	-
	<b>33,846,353</b>	<b>38,147,554</b>

Conditions still to be met - remain liabilities (see note 21).

Funding provided for Level 1 accreditation subsidy for the operation of the Housing Delivery Unit within Msunduzi Municipality.

### Greater Edendale Development Initiative

Balance unspent at beginning of year	9,995,256	2,812,008
Current-year receipts	-	18,194,256
Conditions met - transferred to revenue	(8,735,026)	(11,826,696)
Current year - interest received	636,712	815,688
	<b>1,896,942</b>	<b>9,995,256</b>

Conditions still to be met - remain liabilities (see note 21).

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 37. Government grants and subsidies (continued)

The funding was provided from the Department of Human Settlements to provide the following :

- \* To support GIS with the interrogation of housing layout against services in Edendale.
- \* Support the finalisation of the town planning scheme.
- \* Development of an integrated land use management system for Edendale.
- \* To value additional properties which are not within the 5 priority housing projects.
- \* Advertising costs for expropriation of properties.
- \* Costs relating to tenure conflicts, cadastral and deed office rectification.
- \* Increasing the resources for sales administration with regard to drawing up, signing and managing sales agreement.
- \* Provision of further training for personnel using GIS and property tracking systems.
- \* Employment of two planning interns to be employed by the Land Legal Committee for a period of two years.

#### Library

Balance unspent at beginning of year	4,064,345	639,567
Current-year receipts	19,896,000	16,159,000
Conditions met - transferred to revenue	(23,984,238)	(13,479,710)
Current year - interest received	519,769	745,488
	<b>495,876</b>	<b>4,064,345</b>

Conditions still to be met - remain liabilities (see note 21).

Funds provided by the Provincial Department of Arts and Culture for Libraries.

#### Market

Balance unspent at beginning of year	878,636	1,086,743
Conditions met - transferred to revenue	-	(250,538)
Current year - interest received	62,157	42,431
	<b>940,793</b>	<b>878,636</b>

Conditions still to be met - remain liabilities (see note 21).

Funds received from Department of Co-operative Governance and Traditional Affairs for the market. The purpose of this grant is for the renovations and improvement of the fresh produce market which entails short term repairs, maintenance and the upgrading of existing facilities.

#### Publicity House Renovations

Balance unspent at beginning of year	2,714	27,781
Current year - interest received	192	642
Conditions met - transferred to revenue	-	(25,709)
	<b>2,906</b>	<b>2,714</b>

Conditions still to be met - remain liabilities (see note 21).

Funds received from Co-operative Governance and Traditional Affairs to be used for the upgrade of the publicity house due to the building being structurally deteriorated.

#### Manaye Area Precinct Upgrade

Current-year receipts	5,000,000	-
Conditions met - transferred to revenue	(799,519)	-
Current year - interest received	150,231	-
	<b>4,350,712</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 21).

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 37. Government grants and subsidies (continued)

Funds received from Co-operative Governance and Traditional Affairs for the Manaye Area Precinct Upgrade.

#### Youth Enterprise Park

Current-year receipts	9,415,000	-
Conditions met - transferred to revenue	(345,495)	-
Current year - interest received	182,868	-
	<b>9,252,373</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 21).

Funds received from Co-operative Governance and Traditional Affairs for Youth Enterprise Park which emerged to address the challenges of finding appropriate localities for businesses. The concept of the park will be to cluster a purpose built park of 30 to 50 container enterprises in a particular locality either in community, small town or rural district or as part of urban or rural renewal programmes. The programme will also offer on site training facilities and support micro enterprises that operate within the park. The idea is to create a purpose built precinct at scale where the local community is able to take up local economic community opportunities to establish businesses. The Youth Enterprise Park should fundamentally be able to reconnect the economy with communities whose needs offer economic opportunity for its local entrepreneurs.

#### Expanded Public Works Programme

Current-year receipts	6,809,000	4,032,000
Conditions met - transferred to revenue	(3,912,513)	(4,032,000)
	<b>2,896,487</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 21).

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP Guidelines:

- \* road maintenance and the maintenance of buildings
- \* low traffic volume roads and rural roads
- \* basic services infrastructure, including water and sewer reticulation, sanitation and pipelines (excluding bulk infrastructure)\*-
- \* other economic and social infrastructure
- \* tourism and cultural industries
- \* waste management
- \* parks and beautification
- \* sustainable land-based livelihoods
- \* social services programmes
- \* health service programmes
- \* community safety.

#### Energy Efficiency and Demand Side Management Grant

Current-year receipts	8,000,000	-
Conditions met - transferred to revenue	(7,920,146)	-
VAT recovered from grant as per MFMA Circular 58	(79,854)	-
	<b>-</b>	<b>-</b>

The purpose of this grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

#### Municipal Systems Improvement Grant

Balance unspent at beginning of year	3,797	-
Current-year receipts	-	930,000
Grant paid back to National Treasury	(3,797)	-
Conditions met - transferred to revenue	-	(855,327)

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>37. Government grants and subsidies (continued)</b>		
VAT recovered from grant as per MFMA Circular 58	-	(70,876)
	<b>-</b>	<b>3,797</b>

Conditions still to be met - remain liabilities (see note 21).

Funding provided to assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act (MSA) and related legislation.

### Housing

Balance unspent at beginning of year	171,967	27,561,119
Current year - interest received	-	25,190
Conditions met - transferred to revenue	(20,551)	(106,008)
Transfer to Municipal Housing Operating Account (MHOA)	-	(27,308,334)
	<b>151,416</b>	<b>171,967</b>

Conditions still to be met - remain liabilities (see note 21).

Funds received from Department of Human Settlements to provide funding for the creation of sustainable human settlements.

### Water Services Infrastructure Grant

Current-year receipts	36,721,000	-
Conditions met - transferred to revenue	(32,646,964)	-
VAT recovered from grant as per MFMA Circular 58	(4,074,036)	-
	<b>-</b>	<b>-</b>

To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities. Provide interim, intermediate water and sanitation services that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes and on-site solutions. To support drought relief projects in affected municipalities.

### Electricity Smart Grids

Balance unspent at beginning of year	230,783	-
Current-year receipts	-	4,385,965
Conditions met - transferred to revenue	-	(4,385,965)
Current year - interest received	16,314	230,783
	<b>247,097</b>	<b>230,783</b>

Conditions still to be met - remain liabilities (see note 21).

The funding has been provided for the deployment of smart grid solutions to deal with municipal revenue enhancement and public building energy efficiency, data acquisition, collection, modelling and management together with the over-arching facilitation of stakeholder participation and collaboration, cognisant of human capital development and knowledge sharing or transfer to improve the application, adaptability and scalability of such technologies.

### Pietermaritzburg Airport

Current-year receipts	1,124,444	1,004,166
Conditions met - transferred to revenue	(2,542,206)	(1,004,166)
	<b>(1,417,762)</b>	<b>-</b>

The funding has been provided for the development and construction of a Pietermaritzburg Technology (Science) Park at the Pietermaritzburg Airport.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>37. Government grants and subsidies (continued)</b>		
Due to the delay in receiving funding from KZN Treasury council funding was used to complete the projects.		
<b>Operation Dlulisumlando</b>		
Balance unspent at beginning of year	1,500,000	1,500,000
Conditions still to be met - remain liabilities (see note 21).		
Funds provided by the Office of the Premier to support both the establishment and implementation of the Dlulisumlando Project, a national historical development initiative and imperative.		
<b>Electricity Grant - COGTA</b>		
Balance unspent at beginning of year	4,264	105,421
Current year - interest received	305	4,990
Conditions met - transferred to revenue	-	(106,147)
	<b>4,569</b>	<b>4,264</b>
Conditions still to be met - remain liabilities (see note 21).		
Funding provided by Corporate Governance and Traditional Affairs for the replacement of transformers and installation of solar powered street and traffic lighting.		
<b>Library Subsidies</b>		
Current-year receipts	-	7,450,000
Conditions met - transferred to revenue	-	(7,450,000)
	-	-
Library subsidies are used to pay for a portion of salaries at the library.		
<b>Urban Renewal</b>		
Balance unspent at beginning of year	-	2,190,200
Conditions met - transferred to revenue	-	(2,190,200)
	-	-
Funds received from Cooperative Governance and Traditional Affairs for the upgrading of sidewalks, street furniture, landscaping, pedestrian and special features.		
<b>Development of a Single Scheme</b>		
Current-year receipts	1,000,000	-
Current year - interest received	4,504	-
	<b>1,004,504</b>	-
Conditions still to be met - remain liabilities (see note 21).		
Funding provided by Co-operative Governance and Traditional Affairs for the replacement of transformers and installation of solar powered street and traffic lighting.		
<b>Spoornet</b>		
Balance unspent at beginning of year	429,454	403,381
Current year - interest received	15,045	26,073

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>37. Government grants and subsidies (continued)</b>		
Transfer to Municipal Housing Operating Account (MHOA)	(444,499)	-
	<b>-</b>	<b>429,454</b>
Conditions still to be met - remain liabilities (see note 21).		
<b>Tatham Art Gallery</b>		
Balance unspent at beginning of year	26,969	1,802
Current-year receipts	-	380,000
Conditions met - transferred to revenue	(26,969)	(362,617)
Current year - interest received	-	7,784
	<b>-</b>	<b>26,969</b>
Conditions still to be met - remain liabilities (see note 21).		
Funds provided by the Provincial Department of Arts and Culture for Tatham Art Gallery to provide financial support to the municipality with a focus on the development and maintenance of museum care and preservation of our culture heritage.		
<b>38. Other transfers</b>		
Artwork - various donors	168,341	157,790
Ingwe Municipality	4,975,330	-
KwaZulu Natal Department of Transport	11,122,850	-
Noshezi recreation facilities	57,180	-
	<b>16,323,701</b>	<b>157,790</b>
<b>39. Bad debt written off</b>		
Electricity	146,862,877	99,436,304
Rates	6,827,859	3,296,142
Water	178,604,711	(363,587)
	<b>332,295,447</b>	<b>102,368,859</b>
<b>40. Bulk purchases</b>		
Electricity	1,478,953,249	1,337,393,951
Water	387,022,664	461,819,616
	<b>1,865,975,913</b>	<b>1,799,213,567</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>41. Contracted services</b>		
Consultants and professional fees	57,357,144	101,553,696
Contracted services	252,425,954	95,189,034
Outsourced services	239,934,139	265,262,241
	<b>549,717,237</b>	<b>462,004,971</b>
<b>Break down of contracted services - consultants and professional services</b>		
Business and advisory	37,729,127	6,802,365
Infrastructure and planning	629,640	73,364,194
Laboratory services	275,656	360,006
Legal costs	18,722,721	21,027,131
	<b>57,357,144</b>	<b>101,553,696</b>
<b>Break down of contracted services</b>		
Artists and performers	383,000	199,999
Building	3,377,196	-
Catering services	256,375	-
Electrical	179,006	-
Employee wellness	69,115	176,779
Event promoters	4,203,457	1,510,180
Fire protection and services	4,587	-
Gas	591	-
Graphic designers	156,861	-
Haulage	7,858,407	-
Maintenance of buildings and facilities	27,021,708	-
Maintenance of equipment	41,059,623	1,568,532
Maintenance of unspecified assets	54,158,850	-
Medical services	2,588,651	177,102
Pest control and fumigation	135,643	144,652
Plant, flowers and other decorations	7,984	-
Prepaid electricity vendors	2,541,861	1,917,485
Preservation/ restoration/ dismantling/ cleaning services	593,510	-
Safeguard and security	1,840,428	-
Sewerage services	102,750,181	89,043,112
Sport and recreation	132,846	-
Stage and sound crew	71,290	-
Stream cleaning and ditching	10,315	-
Traffic and street lights	1,534,113	329,942
Transportation	1,490,356	121,251
	<b>252,425,954</b>	<b>95,189,034</b>
<b>Break down of contracted services - outsourced services</b>		
Administrative and support staff	2,618,670	2,747,073
Alien vegetation control	58,887	-
Animal care	1,113,166	1,323,398
Burial services	260,764	233,982
Business and advisory - Business and financial management	82,049,177	105,601,361
Business and advisory - Accounting and auditing	213,139	-
Business and advisory - Communications	1,665,952	-
Business and advisory - Human resources	9,254,590	-
Business and advisory - Organisational	215,000	-
Business and advisory - Project management	9,189,309	-
Business and advisory - Quality control	186,228	-
Business and advisory - Research and advisory	905,950	-
Business and advisory - Valuer	4,876	-
Catering services	6,962	-
Cleaning services	3,973,519	62,317,241
Clearing and grass cutting services	3,028,933	-



# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>41. Contracted services (continued)</b>		
Connection/ dis-connection	4,152,805	15,787,914
Hygiene services	938,487	-
Personnel and labour	35,921	-
Professional staff	133,100	-
Refuse removal	6,698,327	6,718,765
Security services	112,679,021	70,532,507
Traffic fines management	551,356	-
	<b>239,934,139</b>	<b>265,262,241</b>
<b>42. Depreciation and amortisation</b>		
Community	45,343,272	27,294,272
Computer software	13,078,423	782,148
Finance leases	483,365	854,757
Infrastructure	451,923,073	385,579,232
Property, plant and equipment	21,034,068	25,278,252
Other assets	65,205,384	64,500,484
	<b>597,067,585</b>	<b>504,289,145</b>

# The Msunduzi Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>43. Employee related costs</b>		
Basic	655,679,095	621,617,307
Contributions for pensions and medical aids	203,386,811	149,747,714
Contributions for UIF, WCA and SALBC levy	5,691,352	11,520,643
Defined benefit plan expenses	(15,219,185)	36,903,366
Housing benefits and allowances	4,904,272	4,475,167
Long-service awards	15,040,914	22,244,365
Overtime payments	56,664,108	49,204,731
Travel, motor car, accommodation, subsistence and other allowances	63,962,664	53,162,009
	<b>990,110,031</b>	<b>948,875,302</b>
<b>Defined benefit plan (gains)/loss breakdown</b>		
Actuarial medical contributions	(21,141,300)	(18,037,692)
Current service costs	19,368,373	21,484,513
Interest costs	59,784,161	52,709,099
Net actuarial gains	(73,230,419)	(19,253,454)
	<b>(15,219,185)</b>	<b>36,902,466</b>
The municipality's staff complement as at 30 June 2017 was 5,791(2016: 6,135)		
<b>Remuneration of Municipal Manager (MA Nkosi)</b>		
Annual Remuneration	743,656	1,410,625
Car Allowance	110,308	267,288
Cellphone allowance	9,000	18,000
Contributions to UIF, Medical and Pension Funds	97,568	187,506
Housing subsidy	90,000	180,000
	<b>1,050,532</b>	<b>2,063,419</b>
<b>Remuneration of Acting Municipal Manager</b>		
Annual Remuneration	1,606,269	-
Car Allowance	102,399	-
Cellphone	26,400	-
Contributions to UIF, Medical and Pension Funds	158,396	-
Housing subsidy	216,000	-
	<b>2,109,464</b>	<b>-</b>
<b>Remuneration of Chief Financial Officer</b>		
Annual Remuneration	1,206,717	1,263,575
Car Allowance	166,502	185,467
Cellphone	14,400	14,400
Contributions to UIF, Medical and Pension Funds	113,589	119,367
Housing subsidy	180,000	90,000
	<b>1,681,208</b>	<b>1,672,809</b>
<b>Remuneration of Deputy Municipal Manager Community Services</b>		
Annual Remuneration	1,281,423	1,272,018
Car Allowance	120,048	108,455
Cellphone allowance	14,400	14,400
Contributions to UIF, Medical and Pension Funds	187,769	176,060
Housing subsidy	82,680	69,314
	<b>1,686,320</b>	<b>1,640,247</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>43. Employee related costs (continued)</b>		
<b>Remuneration of Deputy Municipal Manager Corporate Services</b>		
Annual Remuneration	1,304,257	1,302,471
Car Allowance	132,215	61,369
Cellphone allowance	14,400	14,400
Contributions to UIF, Medical and Pension Funds	248,118	238,821
	<b>1,698,990</b>	<b>1,617,061</b>
<b>Remuneration of Deputy Municipal Manager Infrastructure Services</b>		
Annual Remuneration	1,165,493	1,226,406
Car Allowance	216,536	173,829
Cellphone allowance	18,000	16,500
Contributions to UIF, Medical and Pension Funds	165,756	126,515
Housing subsidy	120,000	60,000
Long service	-	36,533
	<b>1,685,785</b>	<b>1,639,783</b>
<b>Remuneration of Deputy Municipal Manager Development Services</b>		
Annual Remuneration	1,171,044	1,236,540
Car Allowance	199,803	202,117
Cellphone allowance	14,400	14,400
Contributions to UIF, Medical and Pension Funds	116,054	123,751
Housing subsidy	180,000	90,000
	<b>1,681,301</b>	<b>1,666,808</b>
<b>Remuneration of Executive Manager Internal Audit</b>		
Annual Remuneration	826,350	741,072
Car Allowance	153,262	153,262
Cellphone allowance	9,000	9,000
Contributions to UIF, Medical and Pension Funds	177,995	126,412
Housing subsidy	8,904	8,400
	<b>1,175,511</b>	<b>1,038,146</b>
<b>44. Finance costs</b>		
Finance leases	374,461	688,482
Non-current borrowings	68,067,562	74,179,396
Trade and other payables	21,018	203,807
	<b>68,463,041</b>	<b>75,071,685</b>
<b>45. Inventory consumed</b>		
Consumables	39,562,838	32,181,388
Finished goods	26,302	-
Materials and supplies	6,435,836	-
	<b>46,024,976</b>	<b>32,181,388</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>46. Operational costs</b>		
Achievements and awards	4,894	-
Advertising, publicity and marketing	25,552,896	24,824,384
Bank charges, facility and card fees	6,049,555	5,810,988
Bursaries (employees)	461,351	1,411,206
Cash discount	12,148,636	7,092
Catering municipal activities	6,022,790	1,091,401
Cleaning services	23,926	-
Commission	11,408,978	-
Communication	12,049,072	12,246,815
Deed searches	1,528	95,434
Departmental charges	-	19,192,200
Drivers licences and permits	8,103	5,885
Entertainment	128,828	310,800
External audit fees	4,973,649	4,019,991
External computer service	15,854,095	10,371,375
Insurance underwriting	7,952,521	10,919,058
Learnerships and internships	3,545,514	1,319,142
Licences	2,379,999	2,427,429
Management fee	1,131,166	4,577,196
Office Decorations	48,862	34,824
Printing, publications and books	5,701,711	12,547,570
Professional bodies, membership and subscription	10,832,549	-
Registration fees	2,437,455	12,100,021
Remuneration to ward committees	22,000	4,655,183
Servitudes and land surveys	456,636	186,134
Signage	482,948	-
Skills Development Fund Levy	5,687,842	7,879,244
Toll gate fees	3,438	-
Travel agency fees	343,527	-
Travel and subsistence	10,949,732	2,645,875
Uniform and protective clothing	5,734,738	4,854,361
Vehicle tracking	1,453,100	-
Workmen's Compensation Fund	328,112	-
	<b>154,180,151</b>	<b>143,533,608</b>
<b>47. Operating lease</b>		
Buildings	1,490,575	19,968,536
Machinery and equipment	12,640,671	1,423,366
Transport	31,688,351	-
	<b>45,819,597</b>	<b>21,391,902</b>
<b>48. Remuneration of councillors</b>		
Basic	33,615,942	26,038,203
Cell phone and other allowances	5,415,102	11,071,349
Contribution for pensions and medical aids	4,543,253	4,653,487
	<b>43,574,297</b>	<b>41,763,039</b>

### In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time councillors. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has three full-time bodyguards . The Deputy Mayor and speaker have two full-time bodyguards.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>49. Transfers and Subsidies</b>		
<b>Other subsidies</b>		
Grants in aid	1,550,000	238,128
Injury on duty	4,356,584	-
Post retirement benefits	23,699,277	20,632,700
Safe City	6,841,228	5,673,000
	<b>36,447,089</b>	<b>26,543,828</b>
<b>50. Fair value adjustments - investment property</b>		
Gains on investment property	188,741,552	(769,277)
Loss on investment property	(59,761,680)	-
	<b>128,979,872</b>	<b>(769,277)</b>
<b>51. Impairment of consumer and traffic fines debtors</b>		
Electricity	32,561,375	(2,831,170)
Rates	27,571,728	(2,681,279)
Refuse	3,678,390	(406,284)
Traffic fines	14,150,507	43,130,866
Sanitation	6,588,960	(727,762)
Water	28,742,117	(3,214,774)
	<b>113,293,077</b>	<b>33,269,597</b>
<b>52. Impairment loss</b>		
<b>Impairments</b>		
Property, plant and equipment	8,526,195	49,690,326
Property, plant and equipment The procedure used to determine if the asset was impaired was to physically inspect the asset and determine if the asset was impaired and what factors contributed to the impairment and then comparing the condition, age and cost of the asset to the current records in the asset register and if there was a change this was then adjusted accordingly		
Intangible assets	100,339	-
The impairment is in respect to software that were utilised by various business unit that are now redundant due to purchase of SAP ERP by the municipality.		
	<b>8,626,534</b>	<b>49,690,326</b>
<b>53. Inventories (losses)/gains</b>		
Inventories losses	(34,434,428)	(312,033)
Inventories gains	24,171,858	473,316
	<b>(10,262,570)</b>	<b>161,283</b>
<b>54. (Losses)/ gains on agricultural assets</b>		
Gains on valuation of agricultural assets	(4,255,584)	9,288,973

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>55. Loss on disposal of assets</b>		
Land and building	(22,000)	371,400
Other assets	(1,282,192)	(772,826)
	<b>(1,304,192)</b>	<b>(401,426)</b>
<b>56. Cash generated from operations</b>		
(Deficit) surplus	(165,524,966)	52,464,641
<b>Adjustments for:</b>		
Depreciation and amortisation	597,067,585	504,289,145
Gain or loss on sale of assets	-	(9,288,973)
Loss on non current assets	5,559,776	1,144,226
Fair value adjustments	(128,979,872)	769,277
Impairment of inventory	10,262,570	-
Impairment of assets	8,354,508	49,690,326
Write up of inventory	-	(161,283)
Movements in retirement benefit obligation	(15,221,992)	36,903,366
Movements in current provisions	487,351	660,928
Movement in non current provisions	(11,033,797)	5,191,486
Movement on housing development fund	11,634,007	18,276,063
Other non cash items	(620,619)	(120,849,863)
<b>Changes in working capital:</b>		
Inventories	367,597	(22,797,437)
Trade receivable from exchange transactions	194,129,228	(16,556,871)
Trade and other receivables from non exchange transactions	977,035	698,780,304
Trade and other receivables from exchange transactions	(1,317,607)	346,159,571
Consumer debtors	104,054,748	1,112,206,494
VAT	(61,402,524)	13,617,189
Unspent conditional grants and receipts	(173,079,460)	118,499,322
	<b>375,713,568</b>	<b>564,584,923</b>
<b>57. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to SALGA / Kwanaloga</b>		
Current year subscription / fee	849,157	489,187
Amount paid - current year	(849,157)	(489,187)
	-	-
<b>Audit fees</b>		
Opening balance	122,684	184,404
Audit fee invoiced	4,914,429	4,019,990
Amount paid - current year	(4,974,940)	(4,081,710)
	<b>62,173</b>	<b>122,684</b>
<b>PAYE and UIF</b>		
Current year subscription / fee	140,297,512	134,118,729
Amount paid - current year	(140,297,512)	(134,118,729)
	-	-

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 57. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Pension and Medical Aid Deductions

Current year payroll deductions	297,846,833	257,182,171
Amount paid - current year	(297,846,833)	(257,182,171)
	-	-

#### VAT

VAT receivable	8,293,093	-
VAT payable	-	53,109,432
	<b>8,293,093</b>	<b>53,109,432</b>

VAT output payables and VAT input receivables are shown in note 22.

All VAT returns have been submitted by the due date throughout the year.

#### Councillors' arrear consumer accounts

Normal credit control procedures have been applied for the recovery of all outstanding debt.

Councillors have made arrangements to re-pay outstanding debt.

The following Councillors had arrear accounts outstanding for more than 90 days as at :

	Outstanding more than 90 days R
<b>30 June 2017</b>	
NB Ahmed	8,851
SW Dlamini	17,482
VT Magubane	58,334
NM Mbanjwa	2,532
IT Madondo	1,553
SD Mkhize	62,363
PN Msimang	4,235
SC Ndawonde	73,686
TD Ntombela	2,532
MJ Njilo	16,083
DB Phungula	4,680
TRM Zungu	2,789
	<b>255,120</b>
<b>30 June 2016</b>	
	Outstanding more than 90 days R
TI Dlamini	3,441
VT Magubane	20,679
TS Magwaza	1,462
SC Ndawonde	135,482
TRM Zungu	638
	<b>161,702</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 58. Deviation from supply chain management regulations

Regulation 36 of the Municipal SCM Regulations of 2005 permits the Accounting Officer to "dispense with official procurement processes established by the policy and to procure any required goods or services through any convenient process".

This would typically include urgent and emergency cases, single-source goods, and any other cases where it impractical to follow normal SCM process. In the event of such a decision, the Accounting Officer is required to report this to the next Council meeting for noting. The expenses incurred as listed below have been written off.

Computer expenditure	2,542,026	-
Legal	420,276	-
Library	-	3,026,428
Other	1,188,076	-
Repairs and maintenance	135,972	-
Repairs to motor vehicles	6,864,235	7,744,925
Repairs to property, plant and equipment	4,876,125	-
Service delivery	4,081,054	-
Water quality testing	109,632	-
	<b>20,217,396</b>	<b>10,771,353</b>

### Regulation 45

Awards to close family members of persons in the service of the state .

Employee name	Job title	Amount paid
Mchunu Nomvula Teressa	General worker infrastructure business unit	446,183



# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 59. Commitments

#### Authorised capital expenditure

##### Already contracted for but not provided for

• Electricity	34,127,467	81,144,065
• Health	580,361	-
• Horticulture training	307,500	-
• Housing	59,289,568	-
• Information system	46,259,448	-
• Market	1,360,463	-
• Parks	1,549,450	-
• Printing of annual report	244,691	-
• Roads	195,209,174	941,542
• Sanitation	39,898,857	597,902
• Supply of printing paper	677,560	-
• Transport	1,509,833	-
• Water	4,570,829	9,793,554
	<b>385,585,201</b>	<b>92,477,063</b>

#### Total capital commitments

Already contracted for but not provided for	385,585,201	92,477,063
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#### Authorised operational expenditure

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

#### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year	-	6,046,218
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Operating lease payments represents rentals payable to:

\* Xtec (Pty) Ltd for the rental of photocopies and fax machines and

\* Merchant West for computer servers and the leasing of ICT networks.

No contingent rent is payable.

### 60. Contingencies

Refer to Appendix F for a detailed listing to contingent liabilities

Performance bonuses for senior management	3,990,175	18,485,866
	-	1,456,896
	<b>3,990,175</b>	<b>19,942,762</b>

#### Contingent assets

The Municipality instituted a claim against the Independent Development Trust (IDT) in terms of the agreement dated 25 October 2012 between the two parties. In terms of the agreement, the Municipality paid the IDT R290 972 967, however, the IDT only performed work amounting to R194 333 348.32. According to the Municipalities legal advisors it is probable that the claim will be successful but the realization of revenue is not virtually certain. If the claim was to succeed Msunduzi Municipality will receive R93 658 029.

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 61. Related parties

Safe City (Pty) Ltd has been formed as a partnership with the business community to combat crime in the city. Council allocates a grant in aid to the entity.

#### Related party balances

##### Safe City (Pty) Ltd

Grant paid to Safe City (Pty) Ltd	6,841,228	5,673,000
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#### Key management information

#### Remuneration of management

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand

2017

2016

### 61. Related parties (continued)

#### Executive management

2017

	Basic salary	Transport	Cellphone allowance	Data card	Pension	Basic non retirement funding	Medical Aid	
RP Ashe	31,852	12,210	2,311	399	4,778	-	-	-
WF Lambert	468,787	9,297	20,973	2,400	12,985	19,486	-	-
NB Ahmed	316,690	61,529	20,973	2,400	43,443	8,693	14,349	-
V Baijoo	85,246	17,777	4,631	399	3,164	-	12,166	-
D Buthelezi	30,112	12,210	2,311	399	4,517	-	3,012	-
TI Dlamini	549,849	219,232	32,757	2,400	76,507	(10,396)	31,262	-
JM Lawrence	89,489	1,250	2,311	399	13,423	-	-	-
FN Mbatha	35,693	5,128	2,311	399	5,354	-	4,011	-
GR McArthur	693,390	19,113	20,812	2,400	104,588	3,860	-	-
MB Mkhize	272,608	102,547	20,973	2,400	37,397	7,671	21,709	-
DP Zondi	330,350	61,528	20,973	2,400	45,315	8,693	-	-
BE Zuma	291,486	102,547	20,973	2,400	39,983	7,670	-	-
PV Jaca	31,852	12,210	2,311	399	4,778	-	-	-
TRM Zungu	277,826	102,547	20,973	2,400	38,112	7,670	15,709	-
BC Sokhela	339,679	38,968	14,618	2,400	46,604	12,188	12,595	-
TD Ntombe	572,542	219,232	20,812	2,400	83,718	-	15,861	-
RB Singh	42,469	-	2,311	399	6,370	-	-	-
SI Madonda	295,956	61,528	20,973	2,400	40,601	8,693	37,554	-
ST Majola	278,028	102,547	20,973	2,400	38,139	7,670	15,477	-
M Inderjit	393,765	42,899	20,973	2,400	55,818	17,893	22,725	-
P Shoji	38,222	4,884	2,311	399	5,733	-	-	-
SP Lyne	291,486	102,547	20,973	2,400	39,983	7,670	-	-
SA Mkhize	29,262	12,210	2,311	399	4,389	-	4,483	-
LC Ngcobo	28,381	12,210	2,311	399	4,257	-	6,008	-
N Artwaru	323,297	46,514	20,973	2,400	50,785	50,705	31,262	-
C Bradley	29,458	12,210	2,311	399	4,419	-	4,144	-
DF Ryder	36,629	12,210	2,311	399	1,359	-	-	-
MA Tarr	78,120	26,041	2,311	399	2,899	-	-	-
NE Majola	485,824	40,763	13,912	2,400	72,874	-	27,659	-
JJ Ngubo	825,611	72,000	40,478	2,400	81,573	(6,942)	-	-
CJ Ndllel	117,310	-	4,631	399	17,597	-	4,011	-
P Bhengu	74,372	26,041	2,311	399	2,585	-	6,368	-
TR Zuma	732,913	160,543	43,020	2,400	109,937	-	-	-
MA Mkhize	31,851	12,210	2,311	399	4,778	-	-	-
KM Ngcobo	213,162	102,547	20,973	2,400	37,418	67,479	21,294	-
NZ Ndlovu	269,722	102,547	20,973	2,400	37,001	7,670	25,029	-
NJ Zungu	227,455	102,547	20,973	2,400	39,983	71,702	-	-
PN Dlamini	28,600	12,210	2,311	399	4,290	-	5,627	-
MD Ndlovu	28,940	12,210	2,311	399	4,341	-	5,038	-
TS Magwaza	29,069	12,210	2,311	399	4,360	-	4,816	-
M Maphumulo	32,398	12,210	2,311	399	1,202	-	6,368	-
AL Mbanjwa	28,600	12,210	2,311	399	4,290	-	5,627	-
MS Sokhela	273,651	102,547	20,973	2,400	34,237	7,670	16,750	-
LL Madlala	273,805	102,547	20,973	2,400	37,561	7,670	20,333	-
MT Buthelezi	29,968	12,210	2,311	399	4,495	-	3,259	-
FM Makhathini	27,378	12,210	2,311	399	4,107	-	7,742	-
MH Mkhinze	28,956	12,210	2,311	399	4,344	-	5,010	-
BB Ngcobo	31,580	9,768	2,311	399	4,737	-	4,144	-
JM Ngcobo	291,487	102,547	20,973	2,400	39,983	7,670	-	-
MA Ngcobo	40,729	-	2,311	399	6,109	-	3,012	-
AB Dlomo	31,851	12,210	2,311	399	4,778	-	-	-
VGM Mlete	21,385	8,861	1,086	187	3,208	-	3,184	-

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand				2017	2016			
<b>61. Related parties (continued)</b>								
P Sitho	706,906	78,130	20,812	2,400	102,142	(14,423)	15,709	-
SC Gwala	273,805	102,547	20,973	2,400	37,561	7,670	20,333	-
SC Ndawonde	350,476	-	22,261	2,400	49,685	10,227	43,359	-
TV Xulu	102,160	-	2,311	399	3,792	-	3,012	-
DB Phungula	251,093	102,547	20,973	2,400	34,429	7,670	46,452	-
PG Ngidi	22,661	9,189	1,739	300	3,399	-	1,506	-
S Govender	32,874	12,210	2,311	399	1,220	-	5,651	-
J Singh	30,397	12,210	2,311	399	4,560	-	2,517	-
R Ahmed	275,140	102,547	20,973	2,400	37,744	7,671	17,170	-
TP Ndlovu	45,753	18,378	3,478	600	6,863	-	2,517	-
M Schalkwyk	553,307	235,170	20,812	2,400	87,923	32,846	31,434	-
T Mastiwane	42,469	-	2,311	399	6,370	-	-	-
LJ Winterback	291,486	105,120	22,100	2,400	40,990	7,670	-	-
R Soobiah	291,487	102,547	20,973	2,400	39,983	7,670	-	-
TP Ngcobo	28,956	12,210	2,311	399	4,344	-	5,010	-
PM Msimang	732,927	131,539	20,812	2,400	-	(4,900)	31,262	-
MB Zuma	277,826	102,547	20,973	2,400	38,112	7,670	15,709	-
LN Sikhakhane	31,851	12,210	2,311	399	4,778	-	-	-
VT Magubane	719,839	94,068	20,812	2,400	107,976	-	18,797	-
NF Gumede	34,543	4,884	2,311	399	5,181	-	3,184	-
UJ Haswell	297,020	96,706	20,973	2,400	40,743	7,819	-	-
R Niemand	361,371	15,290	18,753	2,017	16,866	19,735	8,727	-
NE Dlela	307,642	90,816	18,753	2,017	-	15,041	-	-
BS Mtshali	356,687	-	18,753	2,017	47,190	17,439	-	-
HM Zondi	335,983	-	18,753	2,017	44,118	14,670	26,993	-
NM Mbanjwa	345,287	36,326	18,753	2,017	-	14,865	27,068	-
SR Mhlongo	267,515	90,816	18,753	2,017	35,393	13,079	-	-
SD Ngubane	331,432	-	31,501	2,017	40,010	17,439	33,346	-
MP Zondo	356,686	-	18,753	2,017	47,190	17,439	-	-
NC Gambu	356,686	-	18,753	2,017	47,190	17,439	-	-
GS Mncwango	257,086	74,981	18,753	2,017	33,911	15,841	30,370	-
TP Molefe	254,301	90,816	18,753	2,017	30,662	13,079	7,598	-
J Nene	356,687	-	18,753	2,017	46,837	17,439	2,705	-
TW Sithole	267,515	90,816	18,753	2,017	35,393	13,079	-	-
XE Ngongoma	356,687	-	18,753	2,017	47,190	17,439	-	-
M Ngubo	288,289	74,981	18,753	2,017	33,991	17,306	-	-
SS Madlala	253,332	84,170	31,501	2,017	33,350	15,522	-	-
MI Amod	317,484	44,425	18,753	2,017	41,952	15,535	13,838	-
SW Dlamini	338,852	18,163	18,753	2,017	44,831	16,567	-	-
GN Dlamini	347,513	-	18,753	2,017	41,905	17,439	2,637	-
IT Madondo	250,982	90,816	18,753	2,017	33,195	13,079	19,013	-
N Ntshangase	270,289	74,981	18,753	2,017	35,873	15,841	15,187	-
AS Dlamini	343,386	-	18,753	2,017	45,402	17,439	15,295	-
SD Khumalo	674,835	82,739	18,592	2,017	97,129	28,067	-	-
MUH Oumar	307,642	90,816	18,753	2,017	-	15,041	-	-
DS Mkhize	342,960	-	18,753	2,017	45,344	17,439	15,785	-
GM Ngube	247,281	90,816	18,753	2,017	32,384	17,019	25,773	-
NJ Gwala	267,515	90,816	18,753	2,017	35,393	13,079	-	-
EZ Ntombe	244,042	90,816	18,753	2,017	31,905	15,848	30,178	-
MS Goga	264,672	90,816	22,753	2,017	34,125	12,839	-	-
M Singh	381,476	25,428	18,753	2,017	-	18,651	-	-
RB Strachan	395,160	-	18,753	2,017	-	21,574	13,510	-
CM Chetty	381,476	25,428	18,753	2,017	-	18,651	-	-
R Jugmo	346,735	18,878	18,753	2,017	28,880	17,126	14,324	-
CO Lotz	98,942	7,853	5,308	916	13,608	8,225	-	-
BC Nhlabathi	267,515	90,816	18,753	2,017	35,393	13,079	-	-
JS Majola	550,893	206,848	18,592	2,017	79,220	23,389	13,191	-
RZ Ngubo	346,090	-	18,753	2,017	45,726	17,439	12,986	-
SC Shange	356,687	-	18,753	2,017	47,190	17,439	-	-
R Sivnath	356,687	-	18,753	2,017	47,190	17,439	-	-

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand						2017	2016	
<b>61. Related parties (continued)</b>								
PD Duma	356,687	-	18,753	2,017	47,190	17,439	-	-
SD Nene	353,490	2,765	18,753	2,017	46,844	16,462	-	-
MJ Njilo	1,112,211	-	37,997	2,017	-	47,216	30,535	-
	<b>2,590,001</b>	<b>291,692</b>	<b>3,475,283</b>	<b>1,102,705</b>	<b>1,089,639</b>	<b>28,179</b>	<b>42,403,623</b>	<b>-</b>

## 62. Events after the reporting date

No events to report on after the reporting date.

## 63. Prior period errors

The comparative statements for 2015 /2016 financial year have been restated to recognise the amendments relating to all of the errors below.

The effects of the changes are detailed below:

## Statement of Financial Position

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>63. Prior period errors (continued)</b>		
<b>Property plant and equipment</b>		
<b>Land and buildings</b>		
Land that was not owned by the municipality was incorrectly included in the Fixed Asset Register. The municipality conducted deeds search and identified that the land was never owned by the municipality.		
Operating expenses was incorrectly included in Work in Progress in the previous financial period.		
<b>Depreciation for Bank Charter Housing that was incorrectly classified as other assets</b>		
Balance previously reported.	- 1,547,758,135	
Depreciation for Bank Charter Housing that was incorrectly classified as other assets.		
Recognition of land not recognised	- (78,318,719)	
The Land not owned by the Municipality have been removed from the Fixed Asset Register	- (2,775,300)	
Land was duplicated on the fixed asset register	- (211,000,000)	
Buildings operating costs included in the work in progress	- (350,430)	
Depreciation for Bank Charter Housing reclassified (buildings)	- (6,831)	
Restated balance	- 1,255,306,856	
<b>Infrastructure assets</b>		
Work in Progress that was not recorded in the previous financial period due to accruals that were not recognized.		
<b>Bank Charter Housing infrastructure was incorrectly classified.</b>		
Balance previously reported	- 4,644,641,847	
Accruals that were not recognized.	- 11,414,663	
Bank Charter Housing infrastructure that was incorrectly classified.	- 302,848	
Restated balance	- 4,656,359,358	
<b>Other assets</b>		
<b>Bank Charter, finance lease assets and brush cutters that were not recorded in the previous financial year</b>		
Balance previously reported	- 447,923,336	
Other assets incorrectly recognised or not previously recognised	- (1,505,554)	
Restated balance	- 446,417,782	
<b>Community assets</b>		
<b>Work in Progress was not recorded in the previous financial period.</b>		
Balance previously reported	- 393,138,595	
Community Assets Work In Progress not previously recognised	- 55,421	
Restated balance	- 393,194,016	
<b>Investment property</b>		
<b>Investment property (land) that is not owned by the municipality was incorrectly included in the Fixed Asset Register. The municipality conducted deeds search and identified that the Investment property was never owned by the municipality.</b>		
Balance previously reported	- 656,408,640	
Land was duplicated on the fixed asset register	- (27,889,000)	
Land not owned by the Municipality	- (60,784,600)	
Land not owned by the Municipality	- (3,158,910)	
Land was duplicated on the fixed asset register	- (16,050,000)	
Restated balance	- 548,526,130	
<b>Intangible assets</b>		
<b>Development cost incorrectly capitalised</b>		

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>63. Prior period errors (continued)</b>		
Balance previously reported	-	39,518,564
Development cost incorrectly capitalised	-	363,383
Restated balance	-	39,881,947
<b>Inventory</b>		
<b>Write up of inventory due to understatement during the take on of inventory onto SAP</b>		
Balance previously reported	-	65,151,366
Inventory has been understated	-	1,353,869
Restated balance	-	66,505,235
<b>Trade receivables from non exchange transactions</b>		
<b>During the 2015/16 the Municipality erroneously disclosed the balance of the prepayment to IDT as trade receivable from non exchange transactions instead of disclosing it as a contingent asset.</b>		
<b>Prepaid vendor cash float recognised as a debtor.</b>		
Balance previously reported	-	370,234,597
Overstatement of debtors	-	(93,658,029)
Prepaid vendor cash float incorrectly recognised as a debtor	-	(245,000)
Restated balance	-	276,331,568
<b>Unspent government grants</b>		
<b>During the 2014/2015 and 2015/2016 financial years interest received on the housing accreditation funding investment was not capitalised to the housing accreditation grant.</b>		
Balance previously reported	-	249,940,818
Interest not capitalised on grant	-	3,415,128
Restated balance	-	253,355,946
<b>Trade payables</b>		
<b>Accrual for estimated unused electricity purchased via prepaid tokens</b>		
<b>Accrual for unrecorded expenditure relating to the prior year.</b>		
Balance previously reported	-	530,736,604
Accrual for estimated electricity	-	1,359,459
Accrual for unrecorded expenditure	-	8,099,199
Restated balance	-	549,547,830
<b>Accumulated surplus</b>		
Balance previously reported	-	7,651,851,317
Recognition of land not recognised	-	78,318,719
The land not owned by the Municipality have been removed from the Fixed Asset Register	-	2,775,300
Land was duplicated on the fixed asset register	-	211,000,000
Buildings operating costs included in the work in progress	-	350,430
Depreciation for Bank Charter Housing reclassified (buildings)	-	6,831
Bank Charter Housing infrastructure that was incorrectly classified.	-	(302,848)
Other assets incorrectly recognised or not previously recognised	-	1,505,554
Community Assets Work In Progress not previously recognised	-	(55,421)
Land was duplicated on the fixed asset register	-	27,889,000
Land not owned by the Municipality	-	60,784,600
Land not owned by the Municipality	-	3,158,910
Land was duplicated on the fixed asset register	-	16,050,000
Development cost incorrectly capitalised	-	(363,383)
Inventory has been understated	-	(1,353,869)
Overstatement of debtors	-	93,658,029
Prepaid vendor cash float incorrectly recognised as debtor	-	245,000
Interest not capitalised on grant	-	(3,415,128)
Accrual for estimated electricity	-	(1,359,459)
Accrual for unrecorded expenditure	-	(8,099,199)
Restated balance	-	7,134,791,857

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 63. Prior period errors (continued)

### 64. Change in estimate

#### Property, plant and equipment

Review of useful life for fully depreciated assets according to GRAP 17 and the reclassification of property, plant and equipment to investment property. The effect of this revision has increased the depreciation by R 155 619 105.

#### Provisions

The leave pay provision is created to ensure adherence to SALGA collective agreement requirements. It states that at the end of a leave cycle, an employee may not have more than 48 days annual leave to his credit. The effect of this revision has increased the provision by R 9 554 621.

The long service award provision is created to ensure adherence to SALGA collective agreement requirements. The estimate is based on the monthly salaries rate at 30 June 2016. The effect of this revision has decreased the provision by R487 351.

### 65. Irregular expenditure

Opening balance	231,583,669	13,845,402
Add: Irregular Expenditure - current year	92,136,844	217,738,267
	<b>323,720,513</b>	<b>231,583,669</b>

#### Analysis of expenditure awaiting condonation per age classification

2008 / 2009	4,077,827	4,077,827
2009 / 2010	5,458,355	5,458,355
2010 / 2011	3,551,576	3,551,576
2011 / 2012	38,200	38,200
2013 / 2014	11,000	11,000
2014 / 2015	708,444	708,444
2015 / 2016	217,738,267	217,738,267
2016 / 2017	78,989,468	-
	<b>310,573,137</b>	<b>231,583,669</b>

Irregular expenditure not yet written off

Section 32(4) of the Municipal Finance Management Act requires that Council can deal with these matters in the manner prescribed.

In the case of irregular and fruitless and wasteful expenditure, it is only after an investigation has been conducted that irregular expenditure can be certified as irrecoverable and written off by Council hence there were no movement between financial years 2008/2009 to 2014/2015 as the investigations are still open and as soon as they are closed Council will write off this expenditure

#### Details of irregular expenditure – current year

Service of the state	840,665
Expired contracts	12,306,711
Contractors	78,989,468
	<b>92,136,844</b>

### 66. Comparative figures

Certain comparative figures have been reclassified due to corrections being made relating to prior period errors and reclassification due to adoption Municipal Standard Chart of Accounts (mSCOA).



# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 66. Prior period errors (continued)

The effects of the reclassification are as follows:

	As previously reported	Restated opening balance	Prior year error accruals	mSCOA classification consumer debtors	mSCOA classification consumer debtors	Restated 2016
<b>Non-current Assets</b>						
Property, plant and equipment	-	-	11,414,662	-	-	11,414,662
<b>Current Assets</b>						
Consumer debtors	-	-	-	112,206,494	-	112,206,494
Trade and receivables from exchange transactions	-	899,150,116	-	(875,299,872)	(5,615,546)	18,234,698
Trade and other receivables from non exchange transactions	-	258,033,437	-	(236,906,622)	9,271,565	30,398,380
	-	-	-	-	3,656,019	-
<b>Current Liabilities</b>						
Consumer deposits	-	92,378,188	-	-	1,138,016	93,516,204
Payables from exchange transactions	-	551,609,925	11,414,662	-	(2,062,095)	560,962,492
VAT payable	55,841,372	-	-	-	(2,731,940)	53,109,432
	-	-	-	-	(3,656,019)	-

### 67. Fruitless and wasteful expenditure

<b>Fruitless and wasteful expenditure</b>	<b>5,043,288</b>	<b>4,810,273</b>
<b>Reconciliation of fruitless and wasteful expenditure</b>		
Opening balance	4,810,273	4,567,296
Add: fruitless and wasteful expenditure current year	233,015	242,977
<b>Fruitless and wasteful expenditure awaiting to be written off / recovered</b>	<b>5,043,288</b>	<b>4,810,273</b>
Interest on : Late payment of Eskom accounts	3,790	2,770
Interest on : Late payment of Telkom accounts	9,341	139
Cancellation of tenders	211,997	240,000
Interest on : Late payment of SABC TV license	-	53
Interest on : Late payment of Auditor General	7,887	-
Interest on : Late payment to Umgungundlovu District Municipality	-	15
	<b>233,015</b>	<b>242,977</b>

A system has been put in place to stream-line the payment process to ensure non occurrence of interest costs. Staff have been advised on possible recovery of costs due to negligence.

### 68. Unauthorised expenditure

<b>Unauthorised expenditure</b>	<b>336,029,826</b>	<b>5,234,379</b>
Opening balance	5,234,379	12,197,882
Add: Year end entries in respect of bad debts resulted in this amount being disclosed in the income statement. Previously this amount was credited against the Trade Debtors in the statement of financial position but this year, there has been a change in approach which is informed by mSCOA and GRAP.	332,295,447	-
Less: amounts recovered from Fairfield's Developments	(1,500,000)	(3,000,000)
Less: amounts still to be recovered from Fairfield Developments	-	(3,963,503)
	<b>336,029,826</b>	<b>5,234,379</b>

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand

### 69. Electricity and water losses

#### Electricity losses

Units purchased - kWh	1,790,378,694	1,760,184,665
Units sold - kWh	(1,509,681,276)	(1,552,604,288)
Loss - kWh	280,697,418	208,120,377
Electricity loss as a percentage	15.68	11.82
Costs per kWh in cents	0.93477	0.86618
Electricity loss in rand value	279,122,476	181,961,139
	-	-

The significant electricity losses of 208 120 377 kWh (2016 : 280 697 418 kWh) occurred during the year under review, which resulted in material revenue losses to the municipality.

The acceptance norm of electricity loss is 7% and 10% as per MFMA circular 71 dated January 2014.

The increase in the loss is due to illegal connections to consumers.

#### Water losses

Units purchased - kl	62,562,814	70,025,603
Units sold - kl	(44,499,100)	(48,110,888)
Losses - kl	13,367,148	16,216,889
Apparent losses - kl	4,696,566	5,697,826
Real losses - kl	18,063,714	21,914,715
Water loss as a percentage	28.9	31.3
Costs per kl in cents	6	5.46300
Water loss in rand value	109,217,370	119,720,088
	-	-

For the 2014/2015 reporting period there has been a change in the methodology for the calculation of the water losses as per MFMA circular 71 dated January 2014.

The acceptable norm as per the above circular for water losses is between 15% to 30%.

The significant water losses of 18,063,714 kl (2016 : 21,914,715 kl) occurred during the year under review, which resulted in material revenue losses to the municipality.

A contributing factor to the increase in the water losses is the aging pipeline infrastructure

#### Pietermaritzburg (Excluding Vulindlela):

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand

### 69. Electricity and water losses (continued)

20 BPT zones were inspected and 14 found unmetered. 8 out of 14 unmetered BPT's had bulk meters installed on the outlets. During the current year these same 8 BPT outlets were associated to the i2o portal in the MM control room for realtime monitoring of outflows;

8 839km of reticulation was surveyed for Leaks using level 2 and 4 Detection methods. 8 740 Leaks found and 8 565 repaired to date (98% completion achieved). Estimated SIV reduction of 29,2 ML/day and monetary savings accounted to R53,6 million p.a. ;

Municipal backlog in 450 pipe leaks from HEAT system was undertaken as additional scope.

24 733 Flow restrictor devices (Restrictor Washers) were installed on domestic connections to reduce water consumption and overall the water demand of numerous supply zones;

Ad-hoc pipe repairs for leaks on the 400mm main pipeline from Haythorns Reservoir to the Northdale area of supply. This was completed with a 150mm scour outlet for future system maintenance activities.

6 BPT zones had been identified with high leakage factors after analysis. Leak detection surveys were conducted for the BPT supply zones and as such Taunton Rd BPT zone real losses were reduced by 10.8m<sup>3</sup>/h from the result of this analysis;

A piloted intervention was performed by the Consultant for the reduction of internal leakage. Internal leakage and repairs were first performed in the Haniville supply area. Contractors surveyed 847 houses and repaired 2808 leaks. The Haniville supply zone had a baseline night flow of 53m<sup>3</sup>/h and was minimized to a night flow of 35m<sup>3</sup>/h. The approximated savings accumulated to R1.229 million p.a. for this supply zone;

Reviewing the results from the piloted area, 5 other supply zones were targeted. These five were viz. Cinderella Park, Madiba Park, Thembalihle, Edendale Ward 19 and 23. In total, 4998 houses were surveyed by the Contractors and 24 897 internal leaks were repaired;

#### Vulindlela:

Bulk meters inspected for 19 Reservoirs zones and maintained in working condition due to new installations of previous contract a year ago; 5 of these meters were refurbished during the current year.

184 Bulk meters audited within last FY i.e. zone meters, BPT outlet/inlet meters, district meters.

115 of the 184 inspected bulk meters not functional. 33 bulk meters refurbished/replaced to date under;  
31 of 43 BPT sites were inspected and found unmetered, 20 of the 31 unmetered sites were installed with a new bulk meters to measure minimum night flows and SIV per BPT zone. The remaining BPT sites had deteriorated storage tanks and were planned for replacement with PRV installations;

138 PRV's audited to date with 45 desktop designed PMZ's;

2 605 km of reticulation was surveyed for Leaks using level 2 and 4 Detection methods. 1 796 Leaks were found and 1 791 repaired to date (99% completion). Estimated SIV reduction of 7,25 ML/day and monetary savings accounted to R13,4 million p.a.

### 70. Risk management

#### Financial risk management

The Municipality's activities expose it to the following financial risks:

- \* Market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk).
- \* Credit risk and
- \* Liquidity risk.

The Municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance

# The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 70. Risk management (continued)

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Municipality's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Column heading	Total
<b>At 30 June 2017</b>					
Borrowings	79,140,867	405,418,032	130,547,958	-	615,106,857
<b>At 30 June 2016</b>					
Borrowings	67,758,162	381,631,317	186,505,843	-	635,895,322
	<b>146,899,029</b>	<b>787,049,349</b>	<b>317,053,801</b>	<b>-</b>	<b>1,251,002,179</b>

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

The municipality is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

#### Market risk

##### Interest rate risk

As the Municipality has no significant interest-bearing assets, the Municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The Municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the Municipality to fair value interest rate risk.

### 71. Going concern

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

THE MSUNDUZI MUNICIPALITY						
APPENDIX A - SCHEDULE OF EXTERNAL LOANS 16 - 17						
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2017						
EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/2016	Received during the period	Redeemed written off during the period	Balance at 30/06/2017
<b>LONG-TERM LOANS</b>			R	R	R	R
DBSA - 15.5%	11158	30/09/2018	4,491,967	-	1,599,569	2,892,398
DBSA - 15.5%	11159	31/03/2019	6,301,714	-	1,796,975	4,504,738
DBSA - 15.5%	11160	31/03/2019	5,370,669	-	1,531,482	3,839,188
DBSA - 16.5%	13446	31/03/2020	12,216,093	-	2,372,058	9,844,035
DBSA - 16.5%	13447	31/03/2020	5,207,242	-	1,011,116	4,196,126
DBSA - 16.5%	13448	31/03/2020	7,710,017	-	1,497,092	6,212,926
DBSA - 14.27%	102091	11/02/2020	2,668,714	-	441,895	2,226,818
DBSA - 14.27%	102416	28/06/2021	25,309,533	-	3,832,371	21,477,162
DBSA - 9.31%	101922	30/09/2020	11,456,998	-	2,166,231	9,290,767
DBSA - 8.7%	102797	30/09/2022	52,928,046	-	6,365,591	46,562,455
DBSA - 10.79%	103059/1	30/09/2023	43,982,226	-	4,062,922	39,919,304
DBSA - 6.75%	103059/2	30/09/2023	9,949,743	-	1,058,339	8,891,404
DBSA -12.02%	103594/1	31/12/2024	85,633,982	-	6,247,049	79,386,933
DBSA - 6.75%	103594/2	31/12/2024	25,641,682	-	2,321,356	23,320,325
DBSA - 12.10%	103721	31/03/2025	155,703,027	-	10,731,411	144,971,615
DBSA - 9.19%	61007262	31/03/2025	181,323,669	50,000,000	23,753,008	207,570,661
<b>DBSA Total</b>			635,895,322	50,000,000	70,788,465	615,106,856
<b>Total Long-term Loans</b>			<b>635,895,322</b>	<b>50,000,000</b>	<b>70,788,465</b>	<b>615,106,856</b>
<b>LEASE LIABILITY</b>						
Nedbank - 10.500%	Nedbank 12	30/06/2017	302,030	-	302,030	-
<b>Nedbank Total</b>			302,030	-	302,030	-
<b>Total lease liability</b>			<b>302,030</b>	<b>-</b>	<b>302,030</b>	<b>-</b>
<b>Finance lease</b>						
<b>Computer equipment</b>			<b>3,200,154</b>	<b>-</b>	<b>2,853,570</b>	<b>346,584.81</b>
<b>TOTAL EXTERNAL LOANS</b>			<b>639,397,506</b>	<b>50,000,000</b>	<b>73,944,065</b>	<b>615,453,441</b>

## THE MSUNDUZI MUNICIPALITY

## APPENDIX B

## ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2017

	Cost									Accumulated Depreciation						
	Opening Balance	Restated Balance	Additions	Capital under Construction	Capitalised capital under construction	Donated Assets	disposals	Closing Balance		Opening Balance	Restated Balance	Additions (Depreciation)	Disposals adjustments	Disposals Acc. Depreciation	Impairment	Closing Balance
<b>LAND AND BUILDINGS</b>																
Land	1,312,762,799	-292,094,019	-600,476	0	0	0	-22,000	1,020,046,304		0	0	0	0	0	0	1,020,046,304
Buildings	437,515,953	-350,430	43,376,196	33,889,047	-18,431,990	33,600	0	496,032,375		225,842,035	6,830	21,034,068	0	0	5,666	246,888,599
<b>Total Land and Buildings</b>	<b>1,750,278,752</b>	<b>-292,444,450</b>	<b>42,775,720</b>	<b>33,889,047</b>	<b>-18,431,990</b>	<b>33,600</b>	<b>-22,000</b>	<b>1,516,078,679</b>		<b>225,842,035</b>	<b>6,830</b>	<b>21,034,068</b>	<b>0</b>	<b>0</b>	<b>5,666</b>	<b>1,269,190,080</b>
<b>ELECTRICITY</b>																
HV Overhead Lines	66,159,100	0	0	0	0	0	0	66,159,100		19,763,648	0	4,574,752	0	0	0	24,338,400
HV Substations	296,492,692	0	0	0	0	0	0	296,492,692		85,237,836	0	11,418,849	0	0	0	96,656,685
HV Underground Cables	15,087,569	0	0	0	0	0	0	15,087,569		5,810,822	0	662,727	0	0	0	6,473,549
Electricity reticulation	95,406,405	-4,385,965	4,019,438	53,651,615	0	0	0	148,691,493		0	0	40,107	0	0	0	148,651,386
LV Street Lighting	95,802,769	0	17,934,485	14,920,596	-17,934,485	0	0	110,723,365		14,640,715	0	5,165,590	0	0	0	19,806,305
MV Ground Mounted Transformers	65,579,520	0	0	0	0	0	0	65,579,520		6,969,650	0	2,706,980	0	0	0	9,676,630
MV Mini Substations	121,149,406	0	3,840,335	0	-780,864	0	0	124,208,877		29,777,177	0	7,049,987	16,726	0	0	36,843,890
MV Overhead Lines	24,804,369	0	0	0	0	0	0	24,804,369		10,350,211	0	2,408,745	0	0	0	12,758,956
MV Substations	144,280,212	0	0	0	0	0	0	144,280,212		32,909,536	0	6,180,010	-16,583	0	0	39,072,963
MV Underground Cables	706,464,740	0	0	0	0	0	0	706,464,740		188,334,712	0	44,784,298	0	0	0	233,119,010
MV Pole Mounted Transformers	33,099,296	0	1,267,435	0	0	0	0	34,366,731		4,282,822	0	1,189,956	0	0	0	5,472,778
MV Ring Main Unit	32,550,780	0	0	0	0	0	0	32,550,780		8,173,399	0	1,923,492	-142	0	0	10,096,749
	<b>1,696,876,858</b>	<b>-4,385,965</b>	<b>27,061,692</b>	<b>68,572,211</b>	<b>-18,715,348</b>	<b>0</b>	<b>0</b>	<b>1,769,409,448</b>		<b>406,250,529</b>		<b>88,105,492</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>494,356,022</b>
<b>ROADS</b>																
Overhead Gantry	130,000	0	0	595,810	0	0	0	725,810		20,035	0	5,237	0	0	0	25,272
Concrete Roads	38,386,053	6,013,922	0	0	0	0	0	44,399,975		8,580,891	2,503,273	2,606,882	0	0	0	13,691,046
Flexible Roads	1,877,725,746	10,011,933	51,223,807	11,580,241	-21,948,554	0	0	1,928,593,173		739,701,452	606,217	102,793,359	29,775	0	0	843,130,803
Unpaved Roads	132,448,299	0	0	31,363,147	0	0	0	163,811,446		87,809,710	0	6,551,466	0	0	0	94,361,176
Other Roads	145,222,256	0	0	0	0	0	0	145,222,256		24,027,185	0	4,320,270	0	0	0	28,347,455
Structures	237,933,672	0	1,020,025	177,442,552	0	0	0	416,396,249		35,302,884	0	11,968,669	0	0	0	47,271,553
Signalized Intersections	47,527,826	0	1,039,328	23,000	0	0	0	48,590,154		25,868,178	0	3,433,637	0	0	0	29,301,815
Airport Runway	71,403,797	0	2,170,588	0	-2,170,588	0	0	71,403,797		17,138,506	0	4,572,945	0	0	0	21,711,451
	<b>2,550,777,652</b>	<b>16,025,854</b>	<b>55,453,748</b>	<b>221,004,750</b>	<b>-24,119,143</b>	<b>0</b>	<b>0</b>	<b>2,819,142,861</b>		<b>938,448,841</b>	<b>3,109,490</b>	<b>136,252,465</b>	<b>29,775</b>	<b>0</b>	<b>0</b>	<b>1,077,840,571</b>
<b>SANITATION</b>																
Sewer Treatment Works	2,034,058	0	0	0	0	0	0	2,034,058		1,062,151	0	114,498	0	0	0	1,176,649
Pump Stations	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0
Bulk Sewers	63,876,412	0	0	0	0	0	0	63,876,412		18,835,530	0	2,713,713	0	0	0	21,549,243
Sewer Reticulation	511,046,143	628,700	0	38,515,963	0	0	0	550,190,805		107,397,175	261,694	15,511,700	0	0	0	123,170,569
	<b>576,956,613</b>	<b>628,700</b>	<b>0</b>	<b>38,515,963</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>616,101,275</b>		<b>127,294,856</b>	<b>261,694</b>	<b>18,339,911</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>145,896,460</b>
<b>WATER</b>																
Water Reticulation	854,178,941	2,820,106	3,375,020	46,220,299	0	0	0	906,594,366		225,015,685	0	21,865,154	0	0	0	246,880,839
Pump Stations	16,207,289	0	0	0	0	0	0	16,207,289		8,520,613	0	523,773	0	39,897	0	9,084,283
Reservoirs	168,405,737	0	38,533,825	0	0	0	0	206,939,562		53,452,690	0	16,976,600	0	0	106,472	70,535,762
Water Supply Bulk Water Pipelines	447,373,774	0	0	0	0	0	0	447,373,774		220,861,912	0	156,898,849	0	0	0	377,760,761
Water Supply Pressure Reduce Valves	3,917,230	0	0	0	0	0	0	3,917,230		2,257,438	0	1,613,185	0	0	0	3,870,623
Water Meters	43,042,615	0	0	0	0	0	0	43,042,615		1,107,739	0	2,671,934	0	0	0	3,779,673
	<b>1,533,125,585</b>	<b>2,820,106</b>	<b>41,908,845</b>	<b>46,220,299</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,624,074,835</b>		<b>511,216,077</b>	<b>0</b>	<b>200,549,496</b>	<b>0</b>	<b>0</b>	<b>146,368</b>	<b>711,911,941</b>
<b>SECURITY</b>																
Fencing	4,806,891	0	0	0	0	28,358	0	4,835,250		3,639,364	0	280	0	0	0	3,639,644
Security Systems	22,754,228	0	38,631	29,639	-18,425	0	0	22,804,073		18,091,351	0	1,111,549	0	0	0	19,202,900
Access Control	276,178	0	0	0	0	0	0	276,178		191,123	0	21,524	-6,830	0	0	205,817
	<b>27,837,297</b>	<b>0</b>	<b>38,631</b>	<b>29,639</b>	<b>-18,425</b>	<b>28,358</b>	<b>0</b>	<b>27,915,500</b>		<b>21,921,838</b>	<b>0</b>	<b>1,133,353</b>	<b>-6,830</b>	<b>0</b>	<b>0</b>	<b>23,048,361</b>
<b>STORMWATER</b>																
Major Culverts	43,186,172	0	413,560	0	0	0	0	43,599,732		7,133,857	0	928,718	-22,945	0	0	8,039,630
Minor Culverts	662,608	0	0	0	0	0	0	662,608		112,800	0	7,478	0	0	0	120,279
Kerb Inlets	87,153,219	0	1,644,160	0	0	0	0	88,797,379		29,027,221	0	3,240,239	0	0	0	32,267,460
Manholes	56,558,788	0	0	0	0	0	0	56,558,788		18,855,292	0	2,094,958	0	0	0	20,950,249
Open Channels	26,961,325	0	226,668	0	0	0	0	27,187,993		2,956,100	0	602,751	0	0	0	3,558,851
Reticulation	349,483	0	0	534,394	0	0	0	883,876		0	0	0	0	0	0	883,876
Head and Wingwalls	5,754,519	0	0	0	0	0	0	5,754,519		1,858,456	0	215,429	0	0	0	2,073,885
	<b>220,626,115</b>	<b>0</b>	<b>2,284,387</b>	<b>534,394</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>223,444,896</b>		<b>59,943,726</b>	<b>0</b>	<b>7,089,573</b>	<b>-22,945</b>	<b>0</b>	<b>0</b>	<b>67,010,353</b>
<b>RAILWAY LINES</b>																
Railway Lines	3,509,480	0	0	0	0	0	0	3,509,480		1,977,451	0	123,922	0	0	0	2,101,373
	<b>3,509,480</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,509,480</b>		<b>1,977,451</b>	<b>0</b>	<b>123,922</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,408,108</b>
<b>SOLID WASTE</b>																
Garden Refuse	2,597,445	0	529,339	0	-529,339	0	0	2,597,445		1,341,235	0	87,405	0	0	0	1,428,640
Landfill Site	8,075,607	0	0	7,809,294	0	0	0	15,884,901		1,739,065	0	232,411	0	0	0	1,971,476
Sorting Stations	741	0	538,000	599,209	-538,000	0	0	599,950		202	0	9,045	0	0	0	13,913,425

THE MSUNDUZI MUNICIPALITY

APPENDIX B

ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2017

	Cost								Accumulated Depreciation							
	Opening Balance	Restated Balance	Additions	Capital under Construction	Capitalised capital under construction	Donated Assets	disposals	Closing Balance	Opening Balance	Restated Balance	Additions (Depreciation)	Disposals adjustments	Disposals Acc. Depreciation	Impairment	Closing Balance	
	10,673,793	0	1,067,339	8,408,503	-1,067,339	0	0	19,082,297	3,080,502	0	328,861	0	0	0	3,409,363	
<b>Total Infrastructure Assets</b>	<b>6,620,383,393</b>	<b>15,088,695</b>	<b>127,814,642</b>	<b>383,285,759</b>	<b>-43,920,255</b>	<b>28,358</b>	<b>0</b>	<b>7,102,680,593</b>	<b>2,070,133,818</b>	<b>3,371,184</b>	<b>451,923,072</b>	<b>2</b>	<b>0</b>	<b>146,368</b>	<b>2,525,574,444</b>	<b>4,577,106,149</b>
<b>COMMUNITY ASSETS</b>																
<b>Community Buildings</b>																
Fire Stations	23,464,095	0	0	0	0	0	0	23,464,095	12,159,018	0	622,143	0	0	0	12,781,161	10,682,935
Stadiums	236,946,437	55,421	15,377,271	39,787,084	-15,377,271	1,260,405	0	278,049,348	110,768,513	0	22,174,110	0	0	0	132,942,623	145,106,725
Public Conveniences	31,788,789	0	0	0	0	548,538	0	32,337,327	13,873,875	0	1,252,673	0	0	0	15,136,548	17,210,780
Clinics	29,442,063	0	0	0	0	0	0	29,442,063	13,574,958	0	775,872	0	0	0	14,350,830	15,091,233
Libraries	82,385,495	0	0	6,647,711	0	89,033,206	0	89,033,206	37,715,428	0	3,396,859	0	0	0	41,112,287	47,920,919
Community Centres	95,238,586	0	0	3,884,226	0	3,161,609	0	102,284,421	43,821,829	0	8,867,808	0	0	369,711	53,059,348	49,225,073
Cemetries	7,349,339	0	114,584	675,500	-114,584	0	0	8,024,838	2,831,991	0	92,985	0	0	0	2,924,977	5,099,862
Civic Theatres	13,733,672	0	0	0	0	13,733,672	0	13,733,672	7,596,947	0	1,663,022	0	0	0	9,259,969	4,473,703
	<b>520,348,476</b>	<b>55,421</b>	<b>15,491,855</b>	<b>50,994,522</b>	<b>-15,491,855</b>	<b>4,970,553</b>	<b>0</b>	<b>576,368,971</b>	<b>242,342,559</b>	<b>0</b>	<b>38,845,472</b>	<b>0</b>	<b>0</b>	<b>369,711</b>	<b>281,557,742</b>	<b>294,811,229</b>
<b>Community Recreational Facilities</b>																
Swimming Pools	45,847,918	0	68,241	8,066,282	0	0	0	53,982,441	19,018,227	0	4,627,556	0	0	0	23,645,783	30,336,657
Sports Facilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Squash Courts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Parks	106,644,700	0	0	999,965	0	0	0	107,644,665	10,019,676	0	1,870,242	0	0	0	11,889,918	95,754,746
Sports Grounds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>152,492,618</b>	<b>0</b>	<b>68,241</b>	<b>9,066,246</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>161,627,105</b>	<b>29,037,904</b>	<b>0</b>	<b>6,497,798</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35,535,702</b>	<b>126,091,404</b>
<b>Total Community Assets</b>	<b>672,841,094</b>	<b>55,421</b>	<b>15,560,096</b>	<b>60,060,768</b>	<b>-15,491,855</b>	<b>4,970,553</b>	<b>0</b>	<b>737,996,076</b>	<b>271,380,462</b>	<b>0</b>	<b>45,343,270</b>	<b>0</b>	<b>0</b>	<b>369,711</b>	<b>317,093,443</b>	<b>420,902,633</b>
<b>OTHER ASSETS</b>																
<b>Other Properties</b>																
Housing Schemes	140,639,469	-8,115,419	0	0	0	0	0	132,524,050	46,849,674	-3,378,014	2,472,839	0	0	0	45,944,500	86,579,550
Markets	236,963,857	0	0	0	0	0	0	236,963,857	131,095,977	0	5,973,420	0	0	0	137,069,397	99,894,460
Sewerage works and Dump Site	796,654	0	0	796,654	0	0	0	796,654	599,881	0	7,797	0	0	0	607,678	188,976
Workshops and Depots	31,508,703	0	0	0	0	0	0	31,508,703	17,683,492	0	1,062,170	0	0	0	18,745,662	12,763,041
Hostels	1,557,492	0	0	1,557,492	0	0	0	1,557,492	974,341	0	36,354	0	0	0	1,010,695	546,797
Training Centre	4,298,468	0	0	0	0	0	0	4,298,468	2,169,222	0	170,178	0	0	0	2,339,400	1,959,069
Landfill Site	55,143,532	-12,577,178	0	0	0	0	0	42,566,754	11,837,149	0	7,116,956	0	0	0	18,954,105	23,612,649
Beer Halls	1,300,000	0	0	0	0	0	-1,300,000	0	28,669	0	31,217	0	-59,886	0	0	0
Old Age Homes	924,086	0	0	0	0	0	0	924,086	594,670	0	22,387	0	0	0	617,057	307,029
Transport Facility	38,249,531	0	498,509	-498,509	0	0	0	38,249,531	15,925,665	0	2,393,100	0	0	0	18,318,765	19,930,766
Crematoriums	7,004,221	0	0	0	0	0	0	7,004,221	2,962,764	0	575,581	0	0	0	3,538,345	3,465,876
Nurseries	10,666,675	0	168,828	0	-168,828	0	0	10,666,675	6,278,454	0	456,570	0	0	0	6,735,024	3,931,652
Airport Buildings	13,966,567	0	13,993	0	-13,993	0	0	13,966,567	3,492,654	0	933,008	0	0	0	4,425,662	9,540,905
Creches	15,717,655	0	0	0	0	0	0	15,717,655	6,129,066	0	393,138	0	0	0	6,522,204	9,195,451
Substations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Other Assets</b>	<b>558,737,310</b>	<b>-8,115,419</b>	<b>-11,895,848</b>	<b>0</b>	<b>-681,330</b>	<b>0</b>	<b>-1,300,000</b>	<b>536,744,713</b>	<b>246,621,679</b>	<b>-3,378,014</b>	<b>21,644,715</b>	<b>0</b>	<b>-59,886</b>	<b>0</b>	<b>264,828,494</b>	<b>271,916,220</b>
<b>Plant and Equipment</b>																
Graders	5,286,964	0	0	0	0	0	0	5,286,964	4,614,581	0	15,994	0	0	17,859	4,648,434	638,529
Tractors	9,081,024	0	3,965,659	0	0	0	0	13,046,683	7,772,491	0	185,957	0	0	40,589	7,999,037	5,047,645
Farm Equipment	18,270	0	0	0	0	0	0	18,270	16,845	0	475	0	0	0	17,320	950
Lawnmowers	2,749,223	8,359	555,762	0	0	0	-85,071	3,228,273	1,890,129	3,783	383,394	0	-65,747	0	2,211,559	1,016,714
Compressors	88,423	0	0	0	0	0	0	88,423	87,109	0	254	0	0	0	87,363	1,060
Laboratory Equipment	618,120	0	23,226	0	0	0	0	641,446	568,254	0	8,908	0	0	0	577,162	64,285
Radio Equipment	1,729,239	0	0	0	0	0	0	1,729,239	970,882	0	181,680	0	0	190	1,152,752	576,488
Firearms	640,484	0	0	0	0	0	0	640,484	33,351	0	122,979	0	0	0	156,330	484,154
Telecommunication	5,993,292	0	0	0	0	0	0	5,993,292	4,978,689	0	417,322	0	0	0	5,396,011	597,281
Plant and Equipment	41,917,371	24,765	6,489,460	0	-38,289,690	0	-17,400	10,124,506	20,496,988	1,873	6,619,911	0	-8,783	399	27,110,388	-16,985,882
Cremators	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>68,122,511</b>	<b>33,124</b>	<b>11,034,107</b>	<b>0</b>	<b>-38,289,690</b>	<b>0</b>	<b>-102,471</b>	<b>40,797,580</b>	<b>41,429,319</b>	<b>5,656</b>	<b>7,936,874</b>	<b>0</b>	<b>-74,530</b>	<b>59,038</b>	<b>49,356,357</b>	<b>-8,558,777</b>
<b>Office Equipment</b>																
Computer Hardware	48,803,192	6,246,486	24,339,937	0	0	0	-18,655	79,370,960	23,436,478	3,042,104	12,651,896	0	0	14,073	39,144,551	40,226,409
Computer Hardware(Finance Lease)	4,431,140	0	334,490	0	0	0	0	4,765,630	2,507,049	0	483,365	0	-4,518	0	2,985,896	1,779,734
Office Machines	5,508,463	0	409,244	0	0	0	0	5,917,707	3,420,990	0	942,752	0	0	556	4,364,258	1,553,409
Airconditioners	16,342,878	0	1,020,892	0	0	0	0	17,363,770	9,732,091	0	2,806,355	0	0	0	12,538,446	4,825,324
	<b>75,085,673</b>	<b>6,246,486</b>	<b>26,104,563</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-18,655</b>	<b>107,418,068</b>	<b>39,096,608</b>	<b>3,042,104</b>	<b>16,884,368</b>	<b>0</b>	<b>-4,518</b>	<b>14,629</b>	<b>59,033,191</b>	<b>48,384,877</b>
<b>Furniture and Fittings</b>																
Chairs	7,565,325	0	740,282	0	0	0	0	8,305,607	5,088,675	0	597,712	0	0	0	5,686,387	2,619,220
Tables and Desks	6,786,403	0	719,756	0	0	0	0	7,506,159	5,100,652	0	366,640	0	0	0	5,467,292	2,038,867
Cabinets and Cupboards	9,364,712	0	0	0	0	0	0	9,364,712	0	0	0	0	0	0	9,364,712	0
Furniture and Fittings Other	4,252,209	0	114,674	0	0	0	0	4,366,883	9,589,058	0	1,066,144	0	0	107	10,655,309	-6,288,426
	<b>27,968,650</b>	<b>0</b>	<b>1,753,582</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,722,231</b>	<b>19,778,384</b>	<b>0</b>	<b>2,030,496</b>	<b>0</b>	<b>0</b>	<b>107</b>	<b>21,808,987</b>	<b>7,913,244</b>
<b>Containers</b>																
Household Refuse Bins	114,337	0	0	0	0	0	0	114,337	106,677	0	2,622	0	0	0	109,299	5,038
Bulk Containers	2,145,543	0	0	0	0	0	0	2,145,543	838,339	0	166,412	0	0	0	1,004,751	1,140,793
	<b>2,259,880</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,259,880</b>	<b>945,015</b>	<b>0</b>	<b>169,034</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,114,049</b>	<b>1,145,830</b>

THE MSUNDUZI MUNICIPALITY

APPENDIX B

ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2017

	Cost								Accumulated Depreciation							
	Opening Balance	Restated Balance	Additions	Capital under Construction	Capitalised capital under construction	Donated Assets	disposals	Closing Balance	Opening Balance	Restated Balance	Additions (Depreciation)	Disposals adjustments	Disposals Acc. Depreciation	Impairment	Closing Balance	Carrying Value
<b>Fire and Medical Equipment</b>																
Fire Equipment	3,795,902	0	1,177,462	0	-250,538	0	0	4,722,826	2,307,091	0	172,021	0	0	0	2,479,112	2,243,714
Medical Equipment Clinics	573,480	0	12,882	0	0	0	0	586,363	431,174	0	29,265	0	0	0	460,439	125,924
	<b>4,369,382</b>	<b>0</b>	<b>1,190,344</b>	<b>0</b>	<b>-250,538</b>	<b>0</b>	<b>0</b>	<b>5,309,188</b>	<b>2,738,265</b>	<b>0</b>	<b>201,286</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,939,551</b>	<b>2,369,637</b>
<b>Motor Vehicles</b>																
Fire Engines	27,775,658	0	0	0	0	0	0	27,775,658	10,547,986	0	1,438,624	0	0	87,768	12,074,377	15,701,281
Buses	2,165,154	0	0	0	0	0	0	2,165,154	360,828	0	264,665	0	0	0	625,493	1,539,661
Motor Vehicles	22,539,285	0	9,379,246	0	0	0	0	31,918,531	16,983,208	0	2,516,412	0	0	307,526	19,807,146	12,111,385
Motor Cycles	1,373,277	0	660,449	0	0	0	0	2,033,726	636,484	0	403,394	0	0	4,306	1,044,184	989,542
Trucks and Bakkies	128,556,145	0	13,938,550	0	0	11,122,850	0	153,617,545	97,418,431	0	12,179,703	0	0	444,575	110,042,708	43,574,837
Trailers	1,560,611	0	0	0	0	0	0	1,560,611	1,506,615	0	19,178	0	0	10,747	1,536,540	24,071
	<b>183,970,131</b>	<b>0</b>	<b>23,978,244</b>	<b>0</b>	<b>0</b>	<b>11,122,850</b>	<b>0</b>	<b>219,071,225</b>	<b>127,453,552</b>	<b>0</b>	<b>16,821,976</b>	<b>0</b>	<b>0</b>	<b>854,921</b>	<b>145,130,449</b>	<b>73,940,776</b>
<b>Biological assets</b>																
Biological Assets	780,760	0	-11,034	0	0	0	0	769,726	0	0	0	0	0	0	0	769,726
	<b>780,760</b>	<b>0</b>	<b>-11,034</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>769,726</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>769,726</b>
<b>Total Movable Assets</b>	<b>920,513,536</b>	<b>-1,835,809</b>	<b>52,164,992</b>	<b>0</b>	<b>-39,221,559</b>	<b>11,122,850</b>	<b>-1,421,126</b>	<b>941,322,885</b>	<b>478,062,822</b>	<b>-330,254</b>	<b>65,688,749</b>	<b>0</b>	<b>-138,934</b>	<b>928,695</b>	<b>544,211,079</b>	<b>397,111,806</b>
<b>TOTAL PPE</b>	<b>9,964,797,534</b>	<b>-279,136,142</b>	<b>238,304,416</b>	<b>477,235,574</b>	<b>-117,065,659</b>	<b>16,155,361</b>	<b>-1,443,126</b>	<b>10,298,847,959</b>	<b>3,045,419,138</b>	<b>3,047,760</b>	<b>583,989,159</b>	<b>2</b>	<b>-138,934</b>	<b>1,450,440</b>	<b>3,633,767,565</b>	<b>6,665,080,394</b>
<b>Heritage Assets</b>																
artworks	193,181,021	0	-1,101,200	0	0	168,340	0	192,248,161	22,973	0	0	0	0	6,803,730	6,826,703	185,421,458
Mayoral Chain	133,500	0	0	0	0	0	0	133,500	0	0	0	0	0	0	0	133,500
Highfield Road - Site no. 166	1,000	0	0	0	0	0	0	1,000	0	0	0	0	0	0	0	1,000
City Hall Surrounding Gardens and Mem	1,000	0	0	0	0	0	0	1,000	0	0	0	0	0	0	0	1,000
Mahatma Gandhi Statue	925,000	0	0	0	0	0	0	925,000	0	0	0	0	0	0	0	925,000
Stadiums	3,961,963	0	0	0	0	0	0	3,961,963	0	0	0	0	0	0	0	3,961,963
Swimming Pool	1,785,373	0	0	0	0	0	0	1,785,373	0	0	0	0	0	0	0	1,785,373
Museums and Art Gallery	17,315,796	0	0	0	0	0	0	17,315,796	0	0	0	0	0	0	0	17,315,796
Parks	2,485,908	0	0	0	0	0	0	2,485,908	0	0	0	0	0	0	0	2,485,908
Crematorium	8,181,348	0	0	0	0	0	0	8,181,348	0	0	0	0	0	0	0	8,181,348
Land (heritage )	6,000,000	0	0	0	0	0	0	6,000,000	0	0	0	0	0	0	0	6,000,000
	<b>233,971,909</b>	<b>0</b>	<b>-1,101,200</b>	<b>0</b>	<b>0</b>	<b>168,340</b>	<b>0</b>	<b>233,039,049</b>	<b>22,973</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,803,730</b>	<b>6,826,703</b>	<b>226,212,346</b>
<b>Investment Property</b>																
Building	72,280,000	0	120,369,872	0	0	0	0	192,649,872	0	0	0	0	0	0	0	192,649,872
Land	584,128,640	-107,882,510	8,610,000	0	0	0	0	484,856,130	0	0	0	0	0	0	0	484,856,130
<b>Total Investment Property</b>	<b>656,408,640</b>	<b>-107,882,510</b>	<b>128,979,872</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>677,506,002</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>677,506,002</b>
<b>Intangible Assets</b>																
Computer Software	47,260,725	682,279	245,577	0	0	0	0	48,188,581	9,120,616	318,895	12,868,187	0	0	21,663	22,329,361	25,859,220
Intangible Assets/software	13,785,621	0	23,654,193	0	0	0	0	37,439,815	13,211,011	0	210,236	0	0	78,675	13,499,923	23,939,892
<b>Total Intangible Assets</b>	<b>61,046,346</b>	<b>682,279</b>	<b>23,899,771</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>85,628,395</b>	<b>22,331,627</b>	<b>318,895</b>	<b>13,078,423</b>	<b>0</b>	<b>0</b>	<b>100,339</b>	<b>35,829,284</b>	<b>49,799,112</b>
<b>Servitudes</b>																
	803,846	0	0	0	0	0	0	803,846	0	0	0	0	0	0	0	803,846
	<b>803,846</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>803,846</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>803,846</b>
<b>Agricultural assets</b>																
Plantation	54,275,801	0	-208,124	0	0	0	0	54,067,677	0	0	0	0	0	0	0	54,067,677
	<b>54,275,801</b>	<b>0</b>	<b>-208,124</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54,067,677</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54,067,677</b>
<b>Grand Total Assets</b>	<b>10,971,304,076</b>	<b>-386,336,373</b>	<b>389,874,735</b>	<b>477,235,574</b>	<b>-117,065,659</b>	<b>16,323,701</b>	<b>-1,443,126</b>	<b>11,349,892,928</b>	<b>3,067,773,738</b>	<b>3,366,655</b>	<b>597,067,582</b>	<b>2</b>	<b>-138,934</b>	<b>8,354,509</b>	<b>3,676,423,552</b>	<b>7,673,469,376</b>



## MSUNDUZI MUNICIPALITY

## Appendix C: Analysis of property, plant and equipment

## SEGMENTAL ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2017

HISTORICAL COSTS										ACCUMULATED DEPRECIATION							
DESCRIPTION	OPENING BALANCE	RESTATED BALANCE	ADDITIONS	UNDERCONSTRUCTION	CAPITALISED UNDERCONSTRUCTION	DISPOSALS	DONATED ASSETS	CLOSING BALANCE		OPENING BALANCE	RESTATED BALANCE	ADDITIONS	DEPRE. ADJUSTMENT	DEPRE. DISPOSALS CURR	IMPAIRMENT	CLOSING BALANCE	NET BOOK VALUE
Executive and Council	65,916,650.00	18,376,551	188,296	33,889,047	-57,403,011	0	0	60,967,533		-36,844,507	-3,360,999	-14,354,891	0	0	-28,254	-54,588,651	6,378,882
Finance and Administration	2,294,875,780.97	-399,976,529	0	0	0	0	0	1,894,899,252		-183,634,466	-1,873	-33,140,714	0	73,187	-860,897	-217,564,763	1,677,334,489
Planning and Development	16,870,333.75	0	183,835	0	0	0	0	17,054,168		-8,103,997	0	-1,130,926	0	0	-325	-9,235,248	7,818,920
Health	0.00	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0
Community and Social Services	785,565,643.77	0	4,343,616	0	-16,809,732	-1,405,895	16,323,700	788,017,332		-213,129,617	0	-44,506,129	0	34,835	-7,227,031	-264,827,942	523,189,390
Housing	12,324,519.16	0	589,445	0	0	0	0	12,913,964		-4,912,806	0	-528,654	0	0	0	-5,441,460	7,472,504
Public Safety	49,438,912.53	0	1,283,352	0	-18,425	0	0	50,703,840		-36,655,217	0	-3,225,413	0	0	-4,693	-39,885,324	10,818,516
Sport and Recreation	262,965,677.69	0	4,619,350	0	0	-29,623	0	267,555,406		-129,767,791	-3,783	-24,603,376	0	24,525	-5,810	-154,356,235	113,199,170
Road Transport	3,054,089,309.21	0	27,976,673	281,065,518	-24,119,143	-7,609	0	3,339,004,748		-1,081,695,442	0	-154,295,822	0	6,388	-2,188	-1,235,987,064	2,103,017,684
Environmental Protection	895,929.85	0	0	0	0	0	0	895,930		-451,618	0	-74,053	0	0	0	-525,671	370,259
Water	1,071,083,017.00	0	1,170,440	0	0	0	0	1,072,253,457		-450,125,642	0	-155,609,281	0	0	-117,832	-605,852,755	466,400,702
Waste Water Management	497,562,674.14	0	0	0	0	0	0	497,562,674		-134,394,192	0	-19,443,285	0	0	-39,897	-153,877,374	343,685,300
Electricity	1,632,650,752.00	0	0	68,572,211	-18,715,348	0	0	1,682,507,615		-428,360,337	0	-118,257,381	0	0	-61,916	-546,679,634	1,135,827,981
Other	1,227,064,876.80	-4,736,395	349,519,730	93,708,798	0	0	0	1,665,557,009		-359,698,105	0	-27,897,657	0	0	-5,667	-387,601,428	1,277,955,581
TOTALS	10,971,304,076.87	-386,336,374	389,874,736	477,235,574	-117,065,659	-1,443,126	16,323,700	11,349,892,928		-3,067,773,737	-3,366,655	-597,067,582	0	138,935	-8,354,509	-3,676,423,548	7,673,469,380

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY**  
**APPENDIX D: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)**  
**ACTUAL VERSUS BUDGET (ACQUISITION OF ALL NON-CURRENT ASSETS ) FOR THE YEAR ENDED 30 JUNE 2017**

Description	2017 Budget R	2017 Actual R	2017 Under construction R	2017 Additions R	2017 Variance R	2017 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive and Council	27,327,323.55	188,295.86	33,889,047.08	0.00	27,139,027.69	99%	
Finance and Administration	31,245,768.21	0.00	0.00	0.00	31,245,768.21	100%	
Planning and Development	30,192,645.00	183,834.60	0.00	0.00	30,008,810.40	99%	
Public Safety	1,399,928.16	1,283,351.96	0.00	0.00	116,576.20	8%	
Community and Social Services	57,279,013.72	4,343,615.70	0.00	0.00	52,935,398.02	92%	
Health	1,316,638.37	0.00	0.00	0.00	1,316,638.37	100%	
Sport and Recreation	52,192,265.77	4,619,350.43	0.00	0.00	47,572,915.34	91%	
Road Transport	101,923,241.20	27,976,673.02	281,065,517.65	0.00	73,946,568.18	73%	
Water	97,790,631.47	1,170,440.00	0.00	0.00	96,620,191.47	99%	
Waste Water Management	42,513,640.54	0.00	0.00	0.00	42,513,640.54	100%	
Electricity	204,415,132.21	0.00	68,572,211.41	0.00	204,415,132.21	100%	
Housing	30,407,710.00	589,444.78	0.00	0.00	29,818,265.22	98%	
Other	198,952,011.44	349,519,729.98	93,708,797.63	0.00	-150,567,718.54	-76%	
Environment Protection	0.00	0.00	0.00	0.00	0.00	0.00	
<b>TOTALS</b>	<b>876,955,949.64</b>	<b>389,874,736.33</b>	<b>477,235,573.77</b>	<b>0.00</b>	<b>487,081,213.31</b>	<b>56%</b>	

NOTE : Total additions included donated assets

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY										
APPENDIX E										
DETAILS OF UNSPENT CONDITIONAL GRANTS, RECEIPTS AND TRANSFERS TO INCOME AS AT 30 JUNE 2017										
Account Description	Unspent balance @ 01 July 2016	Transfers to income	Prior period error	Inter project/trf to MHOA/Prior Period Error	Funds paid back to National Treasury	VAT recovered from NT grants	Current year interest earned	Current year receipts	Unspent balance @ 30 June 2017	Source Code
GRANTS:CP-NT-INEP	-551,299	3,960,459			551,299	154,047		-8,000,000	-3,885,494	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:CP-NT-MWIG	-1,299,742	1,140,125				159,617			-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:CP-NT-NDPG	-29,767,728	1,652,961			29,767,728	302,189		-22,110,000	-20,154,850	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:CP-NT-WSIG	-	32,646,964				4,074,036		-36,721,000	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:OP-NT-EPWP	-	3,912,513						-6,809,000	-2,896,487	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:OP-NT-FMG	-	1,620,433				4,567		-1,625,000	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:OP-NT-MSIG	-3,797				3,797				-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:CP-NT-EEDG	-	7,920,146				79,854		-8,000,000	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:CP-NT-PTCG	-164,535,876	177,229,127		-4,891,800	164,535,876	7,693,673		-180,031,000	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:OP-NT-PTCG	-647,618	14,113,230		4,891,800	647,618	994,970		-20,000,000	-	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:CP-NT-MIG	-1,097,944	153,115,594		5,318,236	1,097,944	21,155,481		-180,653,187	-1,063,876	UNSPENT CG - NATIONAL GOVERNMENT
GRANTS:OP-NT-MIG		13,831,689		-5,318,236		1,450,361		-9,963,813	0	UNSPENT CG - NATIONAL GOVERNMENT
	<b>-197,904,003</b>	<b>411,143,240</b>	<b>-</b>	<b>-</b>	<b>196,604,262</b>	<b>36,068,794</b>	<b>-</b>	<b>-473,913,000</b>	<b>-28,000,707</b>	
GRANTS:OP-KZ-DEV OF	-						-4,504	-1,000,000	-1,004,504	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-HOUSING	-171,967	20,551							-151,416	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-P/HOUSE	-2,714						-192		-2,906	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-S/LIGHT	-4,264						-305		-4,569	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-MARKET	-878,636						-62,158		-940,793	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-TAG	-26,969	26,969							-	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-GEVDI	-1,880,030	3,619,817		-2,500,000			-150,379		-910,592	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-GEVDI	-8,115,226	5,115,210		2,500,000			-486,333		-986,349	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-LIBRARY	-3,800,554	8,597,776		6,654,740			-408,340	-11,088,290	-44,668	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-LIBRARY	-263,791	15,386,462		-6,654,740			-111,430	-8,807,710	-451,209	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-ACCRED	-1,500,000	9,431,221					-156,699	-10,189,000	-2,414,478	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-ACCRED	-33,232,426	8,014,173	-3,415,128				-2,798,294	-200	-31,431,875	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-MANAYE	-						-111,874	-3,700,000	-3,811,874	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-MANAYE	-	799,519					-38,357	-1,300,000	-538,838	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-YOUTH	-						-157,568	-8,415,000	-8,572,568	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-YOUTH	-	345,495					-25,301	-1,000,000	-679,806	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-AIRPORT	-	1,467,147							1,467,147	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZNPMBAIRP	-	1,075,059						-1,124,444	-49,385	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:CP-KZ-DLULIS	-1,000,000								-1,000,000	UNSPENT CG - PROVINCIAL GOVERNMENT
GRANTS:OP-KZ-DLULIS	-500,000								-500,000	UNSPENT CG - PROVINCIAL GOVERNMENT
	<b>-51,376,577</b>	<b>53,899,398</b>	<b>-3,415,128</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-4,511,733</b>	<b>-46,624,644</b>	<b>-52,028,683</b>	
GRANTS:CP-KZ-SANEDI	-230,783						-16,314		-247,097	UNSPENT CG - OTHER
GRANTS:OP-KZ-SP/NET	-429,454			444,499			-15,045		-	UNSPENT CG - OTHER
	<b>-660,236</b>	<b>-</b>	<b>-</b>	<b>444,499</b>	<b>-</b>	<b>-</b>	<b>-31,359</b>	<b>-</b>	<b>-247,097</b>	
	<b>-249,940,816</b>	<b>465,042,638</b>	<b>-3,415,128</b>	<b>444,499</b>	<b>196,604,262</b>	<b>36,068,794</b>	<b>-4,543,092</b>	<b>-520,537,644</b>	<b>-80,276,488</b>	

THE MSUNDUZI MUNICIPALITY								
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017								
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 31 July 2017 and quantum, where applicable	Amount	Probability of outflow	DISCLOSURE
2	Kheswa v. Msunduzi Municipality	Delictual Claim: The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2009	Internal	R30 470.12 Plus interest at 15.5 per cent per annum. Ongoing.	30,470.12	Not probable	CONTINGENT LIABILITY
3	Orion Telecom v. Msunduzi Municipality	Contractual Claim: Plaintiff sued the Municipality for outstanding fees in terms of a contract.	2007	Internal	R 92 189.52 and R23047.38 Plus interest at 15.5 per cent per annum. Plea filed. Plaintiff did not proceed any further.	115,236.90	Not probable	CONTINGENT LIABILITY
4	Nzaba IN v Msunduzi Municipality	Delictual Claim: The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2008	File retrieved from Bhamjee Attorneys	R73 500.00 Plus interest at 15.5 per cent per annum. Set down for trial was part-heard. Ongoing.	73 500.00	Not probable	CONTINGENT LIABILITY
5	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Memorandum of Agreement Dispute. Plaintiff owed monies by the Municipality in terms of a contract.	2007	Internal	R210 749.00 Plus Vat at 14 per cent. In court.	210 749.00	Not probable	CONTINGENT LIABILITY
6	Hampton College v. Msunduzi Muni	Delictual Claim: The claim arises from a dispute between Plaintiff and the Municipality on the validity of training courses provided by the Plaintiff.	2007	Atzai Akoo and Partners Tel: 033 394 7274 Fax: 033 345 0938. Physical Address 187 Boshoff Street, Pietermaritzburg, 3201. Postal Address PO Box 7836, Cumberwood, 3235. and Kruger Ngcobo Inc. Tel 031 306 4352 Fax: 031 306 4340 Physical Address 25 Field Street, Suite 1102, Durban Postal Address PO Box 49467 Qualbert 4078. and ADV Flemming Tel: 033 845 3576 Fax: 033 394 8374. Physical Address Advocates Chambers, Block B3 17 Prince Edward Street, Pietermaritzburg, 3201.	R85 470.00 plus interest at 15.5 per cent per annum. Part - heard. Ongoing.	85 470.00	Not probable	CONTINGENT LIABILITY
7	Chetty K. v. Msunduzi Municipality	Delictual Claim: The claim herein arises from a motor vehicle collision involving Plaintiff's vehicle and a Municipal vehicle.	2006	Internal	R26 169.86 Plus interest at 15.5 percent per annum. Ongoing.	26 169.86	Not probable	CONTINGENT LIABILITY
8	R. Terty v Msunduzi Municipality	Delictual Claim: The claim arises from a cremation that was allegedly not done correctly. The Plaintiff's are suing for the trauma they were subjected to.	2007	Insurance	R50 000.00 plus interest at 15.5 per cent per annum. Ongoing	50 000.00	Not probable	CONTINGENT LIABILITY
9	Tervolbeek PJ v Msunduzi Municipality	Delictual Claim: A water pipe allegedly causing flooding at Plaintiff's property and damaging his household appliances.	2008	Insurance	R1 121 620. 00 plus interest at 15.5 per cent per annum. Ongoing.	1 121 620. 00	Not probable	CONTINGENT LIABILITY
10	Govender RS v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2008	Internal	R75 000.00 plus interest at 15.5 per cent per annum. A discovery affidavit has been filed. The matter is ongoing.	75 000.00	Not probable	CONTINGENT LIABILITY
11	A and F Mall v Msunduzi Municipality	Disputed Electricity Account.	2007	Internal	R17 181.33 plus interest at 15.5 per cent per annum. Various correspondence exchanged between attorneys of record. The matter is ongoing.	17 181.33	Not probable	CONTINGENT LIABILITY
12	Mkungisa E v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle as a result of a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee within the course and scope of his employment.	2007	Internal	R 6213.00 plus interest at 15.5 per cent per annum. Part-heard. The Defendant filed an amended plea (defence). The matter is ongoing.	6,213.00	Not probable	CONTINGENT LIABILITY
13	F. Osman V Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2007	Internal	R306 666.44 plus interest at 15.5 per cent per annum. A defendants plea has been filed. The matter is ongoing.	306 666.44	Not probable	CONTINGENT LIABILITY
14	Zulu TE v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle as a result of a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2007	Internal	R 8709.22 plus interest at 15.5 per cent per annum. Correspondence exchanged between attorneys of record. The matter is ongoing.	8,709.22	Not probable	CONTINGENT LIABILITY
15	Rabikisoan R v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained during a fall on an uneven pavement on Relief Street.	2007	Internal	R200 000.00 plus interest at 15.5 per cent per annum. Ongoing.	20 000.00	Not probable	CONTINGENT LIABILITY
16	Zuma NG v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2008	Internal	R100 000.00 Plus interest at 15.5 per cent per annum. Correspondence exchanged between attorneys of record. The matter is ongoing.	100 000.0	Not probable	CONTINGENT LIABILITY
17	Van Straaten W(DR) v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2008	Internal	R96 401. 43 plus interest at 15.5 per cent per annum. Ongoing.	96 401. 43	Not probable	CONTINGENT LIABILITY

THE MSUNDUZI MUNICIPALITY								
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017								
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 31 July 2017 and quantum, where applicable	Amount	Probability of outflow	DISCLOSURE
18	Majosi NV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained due to a fall on an uneven pavement in Retief Street.	2007	Uys Matyeka Schwartz: Tel 031 312 2064 Fax: 031 304 2379. Physical Address Suite 301 Nedbank Centre, Postal Address PO Box 1328, Durban, 4000.	R110 046.28 plus interest at 15.5 per cent per annum. Part-heard.R110 046.28 plus interest at 15.5 per cent per annum. Part-heard.CURRENT STATUS : This matter has been archived.	110 046.28	Not probable	CONTINGENT LIABILITY
19	Zondi PS v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2007	Internal	R15 080.00 plus interests at 15.5 per cent per annum. The matter is ongoing.	15 080.00	Not probable	CONTINGENT LIABILITY
20	Omarjee M. v Msunduzi Municipality	Delictual Claim: The plaintiff is suing the Municipality because of injuries sustained due to an act of assault by Municipal Traffic Officers in the course and scope of their employment.	2005	Internal	R 31 000.00 plus interest at 15.5 per cent per annum. Settlement negotiations have been initiated. The matter is ongoing.	31 000.00	Not probable	CONTINGENT LIABILITY
21	Painter LV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle after a tree had fallen on top of Plaintiff's vehicle.	2006	Internal	R45 361.38 plus interest at 15.5 per cent per annum. Pre-trial notices have been exchanged. The matter is ongoing.	45 361.38	Not probable	CONTINGENT LIABILITY
22	Dladla G v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2006	Internal	R20 000.00 plus interest at 15.5 per cent per annum. Further particulars were requested from Plaintiff. The matter is ongoing.	20 000.00	Not probable	CONTINGENT LIABILITY
23	Roelelse v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for injuries sustained due to a fall on an uneven pavement in Drummond Street.	2002	Internal	R41 032.58 plus interest at 15.5 per cent per annum. A defendant's plea was filed. The matter is ongoing.	41 032.58	Not probable	CONTINGENT LIABILITY
24	Premier of KZN v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to its property as a result of a tree that had fallen.	2003	Internal	R 11 340. Various correspondence exchanged between attorneys of record. Ongoing.	11 340	Not probable	CONTINGENT LIABILITY
25	Sulaiman R v Msunduzi Municipality	Delictual Claim: Plaintiff fell into a manhole when its cover caved in under her foot and sustained injuries.	1998	Internal	R50 000.00 plus interest at 15.5 per cent per annum. Pre-trial notices have been exchanged. The matter is ongoing.	50 000.00	Not probable	CONTINGENT LIABILITY
26	Haffee RB v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2004	Internal	R98 000.00 plus interest at 15.5 per cent per annum. Ongoing	98 000.00	Not probable	CONTINGENT LIABILITY
28	Zondi M. v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for alleged unlawful arrest and detention by Municipal Traffic Officers.	2006	Internal	R50 000.00 plus interest at 15.5 per cent per annum. Matter set down. Part-heard. Unlawful arrest.	50 000.00	Not probable	CONTINGENT LIABILITY
35	Ngcobo RB v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2003	Internal	R 11375.27 plus interest at 15.5 per cent per annum. Matter ongoing.	11,375.27	Not probable	CONTINGENT LIABILITY
37	Mamusa Marketing v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after having been involved in a collision with a Municipal vehicle driven by an employee in the course and scope of his employment.	2007	Internal	R 9823.48 plus interest at 15.5 per cent per annum. The matter is part-heard.	9,823.48	Not probable	CONTINGENT LIABILITY
39	Ogilvie I v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality for injury caused by trenches on public road.	2006	Insurance	R 166 160.54 plus interest at 15.5 per cent per annum.Ongoing.	166 160.54	Not probable	CONTINGENT LIABILITY
40	Ngcobo DV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality on behalf of a minor child who was knocked by a bobcat tractor driven by a Municipal employee in the course and scope of his employment.	2007	Insurance	R 1 800 000.00 plus interest at 15.5 per cent per annum. A Defendant's plea was filed. The matter is handled by external insurers.Ongoing.	1 800 000.00	Not probable	CONTINGENT LIABILITY
41	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 2424.50 plus interest at 15.5 per cent per annum.Plaintiff's attorney's of record withdrew.Matter held in abeyance.	2,424.50	Not probable	CONTINGENT LIABILITY
42	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 5519.06 plus interest at 15.5 per cent per annum.Plaintiff's attorney's of record withdrew.Matter held in abeyance.	5,519.06	Not probable	CONTINGENT LIABILITY
43	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 5586.00 plus interest at 15.5 per cent per annum.Plaintiff's attorney's of record withdrew.Matter held in abeyance.	5,586.00	Not probable	CONTINGENT LIABILITY

THE MSUNDUZI MUNICIPALITY								
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017								
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 31 July 2017 and quantum, where applicable	Amount	Probability of outflow	DISCLOSURE
44	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 1721.40 plus interest at 15.5 per cent per annum.Plaintiff's attorney's of record withdrew.Matter held in abeyance.	1,721.40	Not probable	CONTINGENT LIABILITY
45	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 4902.00 plus interest at 15.5 per cent per annum.Plaintiff's attorney's of record withdrew.Matter held in abeyance.	4,902.00	Not probable	CONTINGENT LIABILITY
46	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 5163.06 plus interest at 15.5 per cent per annum.Plaintiff's attorney's of record withdrew.Matter held in abeyance.	5,163.06	Not probable	CONTINGENT LIABILITY
47	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 5506.20 plus interest at 15.5 per cent per annum.Plaintiff's attorney's of record withdrew.Matter held in abeyance.	5,506.20	Not probable	CONTINGENT LIABILITY
48	Naidoo Kogulan v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality caused by having fallen into an uncovered manhole.	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum.Matter is ongoing.	100 000.00	Not probable	CONTINGENT LIABILITY
49	Majosi HS v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for injuries sustained as a result of having fallen into an uncovered manhole.	2010	Internal	R 95 000.00 plus interest at 15.5 per cent per annum.Matter is ongoing.	95 000.00	Not probable	CONTINGENT LIABILITY
50	Dlamini BM v Msunduzi Municipality	Delictual Claim: Plaintiff's minor child fell into an open trench/ drainage system and sustained injuries to their lower limbs.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 300 000.00 plus interest at 15.5 per cent per annum. The matter is ongoing.R 300 000.00 plus interest at 15.5 per cent per annum. CURRENT STATUS : This matter has been archived.	300 000.00	Not probable	CONTINGENT LIABILITY
51	Bishop's roadworks v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2009	Internal	R 120 000.00 plus interest at 15.5 per cent per annum. Appearance to defend has been filed. Matter is ongoing.	120 000.00	Not probable	CONTINGENT LIABILITY
53	Daljeeth Daljeeth v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality after he fell and sustained injuries due to certain steel rods that were protruding dangerously on the pavement.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 200 000.00 plus interest at 15.5 per cent per annum. Matter is ongoing. Claimant is deceased and Plaintiff's Attorneys has no further instructions to proceed.	200 000.00	Not probable	CONTINGENT LIABILITY
55	Ngubane TT v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his property after a stream overflowed into his property as a result of municipal employee's negligence.	2010	Insurance	R118 490.00 plus interest at 15.5 per cent per annum. An assessment was conducted by an independent assessor. Matter is ongoing.	118 490.00	Not probable	CONTINGENT LIABILITY
58	Gayer Gail v Msunduzi Municipality	Delictual Claim: Plaintiff fell of her bicycle due to a collision with a pothole/ an uneven road surface.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 262 473.98 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing. CURRENT STATUS : Pre-Trial has been finalised. Merits have been conceded by the other side. Proceeding on Quantum alone. Pleadings have closed and the Plaintiff's Attorney's are applying for a Trial date. We therefore currently await a trial date to be allocated.	262 473.98	Not probable	CONTINGENT LIABILITY
59	Selepe H v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2010	Internal	R 5 189.35 plus interest at 15.5 per cent per annum.Ongoing.	5 189.35	Not probable	CONTINGENT LIABILITY
60	Mahlaba B o.b.o. Mahlaba AY v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for a shooting incident that resulted in the death of a minor child. A municipal employee fired a shot whilst in the course and scope of his employment.	2010	Internal/Insurance	R 1000 000.00 plus interest at 15.5 per cent per annum. A letter of demand was received and sent to the Insurance Section for an investigation. The matter is ongoing.	1000 000.00	Not probable	CONTINGENT LIABILITY
63	Reddy Ronald v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R282 818.08 plus interest at 15.5 per cent per annum. The matter is part-heard.	282 818.08	Not probable	CONTINGENT LIABILITY
65	Mavundla AB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for being allegedly unlawfully arrested and detained by Municipal Traffic Officers.	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum. A notice of application in terms of Rule 55 (A) has been received. Ongoing.	100 000.00	Not probable	CONTINGENT LIABILITY
66	Ngidi SS v. Msunduzi Municipality	Delictual claim. Plaintiff suing Municipality on behalf of a minor child for injuries caused by leaving electricity wires uncovered.	2010	Internal/Insurance	R 2 200 000.00. Ongoing.	2 200 000.00	Not probable	CONTINGENT LIABILITY
68	Mbatha BC v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2010	Internal	R 16 794.48 plus interest at 15.5 per cent per annum. A letter of demand has been received and sent to the Insurance Section for investigation. The matter is ongoing.	16 794.48	Not probable	CONTINGENT LIABILITY

THE MSUNDUZI MUNICIPALITY								
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017								
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 31 July 2017 and quantum, where applicable	Amount	Probability of outflow	DISCLOSURE
74	Nondzanga Z. v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for allegedly confiscating his trolley and his goods subsequently going missing.	2011	Internal	R 22 232.97 plus interest at 15.5 per cent per annum.Ongoing.	22 232.97	Not probable	CONTINGENT LIABILITY
75	Union Risk Management Alliance (PTY) LTD v. Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to its property as a result of a fire allegedly caused by electrical faults.	2011	External Insurance	R152 948.84 plus interest at 15.5 per cent per annum. A letter of demand was received and sent to external insurers. The matter is ongoing.	152 948.84	Not probable	CONTINGENT LIABILITY
76	Dladi NB v. Msunduzi Municipality	Overpayment of Rates. The Plaintiff is disputing a rates account and is seeking reimbursement.	2011	Internal	R109 038.97 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing.	109 038.97	Not probable	CONTINGENT LIABILITY
83	KZN-Digi connect	Claim by contractor for payment for IT services allegedly rendered.	2012	Alwyn Volsum & Associates. 4 Geore street, Pietermaritzburg, 3201. james@kwelalaw.co.za. Fax:096 715 1379 Tel: 033 394 8116	Claim for R505 000.00 plus interest plus legal costs. Matter not being pursued by plaintiff.	505 000.00	Not probable	CONTINGENT LIABILITY
87	Joubert ML v. Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2011	Internal	R 100 550.00 plus interest at 15.5 per cent per annum.ongoing.	100 550.00	Not probable	CONTINGENT LIABILITY
91	Sayed J t/a Metro Taxis and yellow cabs v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2012	Internal	R 15 950 .52 plus interest at 15.5 per cent per annum. A letter of demand has been received and sent to the Insurance Section for investigation. The matter is ongoing.	15 950 .52	Not probable	CONTINGENT LIABILITY
92	Bishop's roadworks v. Msunduzi Municipality	Contractual claim. Plaintiff suing the Municipality in terms of a contract.	2012	Internal	R19 609.98 plus interest at 15.5 per cent per annum and R12 938.95 plus interest at 15.5 per cent per annum.Ongoing.	32,548.93	Not probable	CONTINGENT LIABILITY
95	Govender K v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2012	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 180 000.00 plus interest at 15.5 per cent per annum. A Discovery affidavit has been filed. The matter is ongoing. CURRENT STATUS : This matter is dormant and the last activity was in 2013. Therefore, we have archived our file.	180 000.00	Not probable	CONTINGENT LIABILITY
97	Check One Supermarket (PTY) LTD v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for overcharges in relation to a water account.	2012	Internal	R139 961.45 plus interest at 15.5 per cent per annum.Ongoing.	139 961.45	Not probable	CONTINGENT LIABILITY
99	Subrimoney v Msunduzi Municipality	High Court Application: Disconnection of Electricity Supply.	2012	Mastross attorneys: Mr Oni Tel 033 394 5828 Fax: 033 394 5792 Physical Address 393 Jabu Ndlovu Street Postal Address PO Box 3139, Pietermaritzburg, 3200.	There is no monetary claim.		Not probable	CONTINGENT LIABILITY
101	Smith JC v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to her vehicle due to colliding with a pothole.	Dec-12	Internal	R 17 847.94 plus interest at 15.5 per cent per annum.The matter is part-heard.	17 847.94	Not probable	CONTINGENT LIABILITY
104	Mkhonza B. v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality due to a fall on an uneven pavement slab.	Oct-12	Internal	R 293 000.00 plus interest at 15.5 per cent per annum.Ongoing.	293 000.00	Not probable	CONTINGENT LIABILITY
106	Ibrahim M. v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	Apr-13	Internal	R 7000.00 plus interest at 15.5 per cent per annum.Ongoing.	7,000.00	Not probable	CONTINGENT LIABILITY
107	Bukus HM v Msunduzi Municipality	Delictual Claim: The claim arises from a motor vehicle collision involving Plaintiff's vehicle and a Municipal vehicle driven by an employee in the course and scope of his employment.	May-13	Internal	R 17 270.24 plus interest at 15.5 per cent per annum.Ongoing.	17 270.24	Not probable	CONTINGENT LIABILITY
109	Wood DM v. Msunduzi Municipality	Delictual Claim: The Plaintiff sustained injuries due to a fall caused by an uneven pavement.	Oct-12	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 123 000.00 plus interest at 15.5 per cent per annum. The Defendant has filed an amended plea. The matter is ongoing. CURRENT STATUS : Pleadings closed in November 2014. The Defendant (Msunduzi Municipality) filed its discovery affidavit and the Plaintiff (Wood) filed its discovery affidavit. Therefore, the matter is ready for trial. The Plaintiff has taken no further steps	123 000.00	Not probable	CONTINGENT LIABILITY
110	Ramharak RJ v Msunduzi Municipality	Delictual Claim: The Plaintiff is a Municipal employee. He is suing the Municipality because he was assaulted by a fellow employee within the premises of the Municipality whilst they were in the course and scope of their employment.	Nov-12	Internal	R 300 000.00 plus interest at 15.5 per cent per annum.Pre-Trial notices have been exchanged. Ongoing.	300 000.00	Not probable	CONTINGENT LIABILITY

THE MSUNDUZI MUNICIPALITY								
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017								
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 31 July 2017 and quantum, where applicable	Amount	Probability of outflow	DISCLOSURE
111	Ogle COO v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	Dec-12	Internal/Insurance	R 300 000.00 plus interest at 15.5 per cent per annum. An appearance to defend has been filed. The matter is ongoing.	300 000.00	Not probable	CONTINGENT LIABILITY
113	Makhaye SB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	Mar-13	Internal	R8688.46 plus interest at 15.5 per cent per annum. An application to dismiss was received and opposed. Various correspondences exchanged between attorneys of record. The matter is ongoing.	8,688.46	Not probable	CONTINGENT LIABILITY
114	Transnet (PTY)LTD v Msunduzi Municipality	Delictual claim. The claim arises from a motor vehicle collision involving a municipal vehicle and the plaintiff's vehicle.	Mar-13	Internal	R 48 409.10 plus interest at 15.5 per cent per annum.Ongoing.	48 409.10	Not probable	CONTINGENT LIABILITY
115	Ngcobo NP v Msunduzi Municipality	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	Apr-13	Internal	R 1639.11 plus interest at 15.5 per cent per annum. A letter of demand has been received and sent to the Insurance Section for an investigation.Ongoing.	1,639.11	Not probable	CONTINGENT LIABILITY
116	Barnard S. v. Msunduzi Municipality	Delictual Claim: The claim arises from a power surge claim where Plaintiff's goods were damaged.	Feb-13	Internal	R 8369.97 plus interest at 15.5 per cent per annum. A letter of demand has been received and sent to the Insurance Section for an investigation.Ongoing.	8,369.97	Not probable	CONTINGENT LIABILITY
117	Karim S. v. Msunduzi Municipality	Disputed Account for electricity and Rates. Mr Karim claims that he has sold the property.	Sep-12	Internal	R 4211.52 plus interest at 15.5 per cent per annum. A letter of demand has been received. The matter is ongoing.	4,211.52	Not probable	CONTINGENT LIABILITY
123	I. Hansa	Delictual Claim: Plaintiff fell into an uncovered manhole in the vicinity of Mountain rise.	2013	Internal	R21 394.50 . A letter of demand has been received and sent to Insurance Section for an investigation. Ongoing. A summons was issued in November 2015. The matter is being defended internally.	21 394.50	Not probable	CONTINGENT LIABILITY
124	Y. Maharaj	Delictual Claim: A power surge caused damage to Plaintiff's household appliances.	2013	Internal	R 30 924.99 . A letter of demand has been received and sent to Insurance for an investigation. Ongoing.	30 924.99	Not probable	CONTINGENT LIABILITY
125	V. Maharaj	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	2013	internal	R 20 497.49 . A letter of demand has been received and sent to the Insurance Section for an investigation. Ongoing.	20 497.49	Not probable	CONTINGENT LIABILITY
126	N.J. Dlamini	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	2013	Internal	R1012.83. A letter of demand has been received and sent to the Insurance Section for an investigation. Ongoing.	1,012.83	Not probable	CONTINGENT LIABILITY
129	CDK Investments Trust CC	Electricity Disconnection Acc number 2915243. The Plaintiff is disputing the disconnection.	2013	Internal	Costs cannot be quantified at this stage.Ongoing.		Not probable	CONTINGENT LIABILITY
130	CDK Investments Trust CC	Electricity Disconnection Acc number 2976214. The Plaintiff is disputing the disconnection.	2013	Internal	Costs cannot be quantified at this stage.Ongoing.		Not probable	CONTINGENT LIABILITY
133	ABI Soft Drinks Division	Rates Recovery: The Plaintiff is disputing a rates account and is seeking reimbursement.	2014	Internal	R 125 837.97 . A letter of demand has been received and various meeting held with the Billing Section. Ongoing.	125 837.97	Not probable	CONTINGENT LIABILITY
136	Transnet/ Occupiers of Woodlands and Msunduzi Municipality	Application for eviction of illegal occupiers from railway sidings. Msunduzi a party because it previously agreed to move occupiers.Social survey now completed. Application for funding to relocate the occupiers made to DOHS.	2013	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za, Advocate Moodley	Costs if unsuccessful and costs of relocation. Matter on-going and building has commenced. Costs and further legal fees cannot be quantified at this stage.		Not probable	CONTINGENT LIABILITY
142	Gonal Construction CC	claim for breach of contract for non-payment	2014	Internal	R901,118.93 plus 15 % interest per annum	901,118.93	Not probable	CONTINGENT LIABILITIES
146	Mabusi Contractor	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2014	Internal	R8 000 000.00. The plaintiff issued a letter of demand against the Municipality for monies owed in terms of a contract. The matter has been referred to the relevant departments for a response. The matter is ongoing.	8 000 000	Not probable	CONTINGENT LIABILITIES
148	Telkom SA SOC LTD/ Msunduzi Municipality (127 Waterwork Road-Edendale) Case No. 13903/2015	Delictual claim: The plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	2014	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail:mail@mflaw.co.za, Adv A.J. Dickson, 17 Prince Edward Street, Advocate's Chambers, tel: 38453542/3, fax: 38453544, e-mail:adickson@law.co.za	Summons issued for R 74 803.90 and interest thereon at 15.5% per annum. Costs and further legal fees cannot be quantified at this stage as the matter is ongoing. Awaiting judgement in another case.	74 803.90	Not probable	CONTINGENT LIABILITIES
157	Farouk Jasat N.O & 3 others/ Msunduzi Municipality	Delictual Claim for damages:Plaintiffs motor vehicle collided with a pothole on Scania Road Intersection. Action instituted in the Magistrates Court under case number 2219/2015	2014	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za	R54 588.60. matter being defended. Pre-Trial Notices have been exchanged.	54 588.60	Not probable	CONTINGENT LIABILITIES
163	Bermin Investments CC v/a Magalela electrical	Contractual claim. Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	R 170 100 .69. This is a claim arising from a contractual dispute. The claim is being defended and an appearance to defend as well as a defendant's plea have been filed.	170 100 .69	Not probable	CONTINGENT LIABILITY
166	Lloyd Mentory/ Msunduzi Municipality	Delictual Claim for damages: The plaintiff is suing the Municipality for damages as a result of his motor vehicle having collided with a pothole in the vicinity of Otto's Bluff Road.	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za, Advocate Anton Flemming	R 31 487.02 (claim amount) plus interest thereon at 15.5% plus costs. The matter is ongoing.	31 487.02	Not probable	CONTINGENT LIABILITY



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NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 31 July 2017 and quantum, where applicable	Amount	Probability of outflow	DISCLOSURE
176	Southern African Music Rights Organisation/ Msunduzi Municipality	Breach of contract in terms of copyright laws. Action instituted in the Magistrates Court under case number 5701/2015	2015	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel:033 940 1497, fax:0862428747, e-mail:mail@mflaw.co.za, Advocate V. Moodley	R170 265.21. Matter is ongoing.	170 265.21	Not probable	CONTINGENT LIABILITY
188	Moosa Omar	Debate of Electricity Account.	2015	Xaba Attorneys, 251 Church Street, Suit 201, 2nd floor, Fedsure Building, Pietermaritzburg, 3200, tel: 0333457927, fax:033456985, cell0720390353, e-mail: dunixaba@xabainc.com	Debate meeting took place. Finance to interrogate services account and advise on correctness. Matter ongoing		Not Probable	CONTINGENT LIABILITY
194	Gonia Singh	Interdict: To prevent the Municipality from disconnecting electricity.	2015	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg, 3201; Tel 033 345 4022	No monetary value however the municipality could be liable for costs if unsuccessful. Awaiting the Plaintiff to set the matter down for hearing. The plaintiff attorneys advised that they are awaiting instructions. Matter ongoing		Not probable	CONTINGENT LIABILITY
195	Belinda Lisa Bramdaw	Interdict: To prevent the Municipality from disconnecting electricity.	2015	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200 and Adv R Padayachee SC Tel: 033 845 3546 Fax 033 394 5744 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	Opposing papers have been filed and awaiting applicant to file responding papers to set matter down. Matter ongoing.		Not probable	CONTINGENT LIABILITY
197	Anthoo Marion and Associates	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	R12935.00. An appearance to defend has been filed at court.	12,935.00	Not probable	CONTINGENT LIABILITY
222	Ilitha Research and Management CC	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Internal	R62 768.00. The summons was issued in the Magistrates Court. Further particulars were sought from ICT and an appearance to defend has been filed. The matter is ongoing.	62 768.00	Not probable	CONTINGENT LIABILITIES
226	Various Employees from Community Services (31)/ Msunduzi Municipality	Delictual Claim: Plaintiffs are suing the municipality for alleged assault that took place during an unprotected strike.	2016	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel:033 940 1497, fax:0862428747, e-mail:mail@mflaw.co.za,	R350 000.00 claimed by each employee. The matter is ongoing.	350 000.00	Not probable	CONTINGENT LIABILITIES
227	Bigen Afrika Services (PTY) Ltd.	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel:033 940 1497, fax:0862428747, e-mail:mail@mflaw.co.za,	R919 979.31. A summons has been received. An appearance to defend will be filed at court. Matter on-going.	919 979	Not probable	CONTINGENT LIABILITIES
234	Mr Mduduzi Collen Sosibo, Mrs Sosibo	Delictual Claim: The Plaintiff is suing the Municipality in respect of rates, taxes and services owed by the previous owner of the property.	2016	Internal	summons were received in the amount of R 132 431. 96 were received from the plaintiff. Discovery notices have been filed and served on the plaintiff.	132 431.96	Not probable	CONTINGENT LIABILITIES
235	AMA-Grace Business Enterprises	Delictual Claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff allegedly suffered damages as a result of a burst pipe which then allegedly caused damage to the plaintiff's property.	2016	Internal	The Plaintiff has claimed an amount of R59 042.52. Notices in terms of Rule 23 have been filed and served on the plaintiff.	59 042.52	Not probable	CONTINGENT LIABILITIES
236	Philoni Kenneth Sikhosana	Delictual Claim: The plaintiff is suing the Municipality for damages incurred as a result of the alleged failure of the defendant to keep the Hall in good condition for the Plaintiff's event on time.	2016	Internal	The plaintiff has claimed an amount of R 90 000. a plea has been filed and served on the plaintiff.	90 000	Not probable	CONTINGENT LIABILITIES
239	Prethabran Govender	Delictual Claim: The Plaintiff is suing the municipality for an incident wherein the municipality allegedly caused damages to the properties of eight tenants as a result of a power surge.	2016	Internal	A summons in the amount of R 48 200.00 was received. A Notice of Exception in terms of Rule 19 (1) to Plaintiff's Particulars of claim has been filed in court and served on the plaintiff	48 200.00	Not probable	CONTINGENT LIABILITY
244	Elizabeth Fredrica Jepson and The Msunduzi Local Municipality	Delictual Claim: The Plaintiff is suing the Municipality for an incident wherein Plaintiff allegedly tripped over the pavement and was injured.	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200 and Adv Deon Schaupt 033-8453501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	The plaintiff has claimed in the amount of R 525 540.00. During the month of March, an Appearance to Defend was filed in court and served on the Plaintiff. Possible settlement.	525 540.00	Not probable	CONTINGENT LIABILITY
250	Qalapha Jacob Ngubane and Msunduzi Municipality	Delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff allegedly suffered a loss as a result of a power outage which resulted in a power surge.	2017	Internal	The Plaintiff has claimed an amount of R 21 862. 00. During the month of May 2017, and Appearance to defend was filed and served on the Plaintiff.	21 862. 00.	Not probable	CONTINGENT LIABILITY
251	Telkom SA SOC LTD/ Msunduzi Municipality (Zwartkop, Blackridge) Case No. 15793/2015	Delictual claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly caused by Municipal water pipes.	2015	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail:mail@mflaw.co.za, Adv AJ Dickson, 17 Prince Edward Street, Advocate's Chambers, tel: 38453542/3, fax: 38453544, e-mail:adickson@law.co.za	Summons issued for R 25 554.55 and interest thereon 9% per annum. Costs and further legal fees cannot be quantified at this stage as the matter is ongoing. Awaiting judgement in another case.	25 554.55	Not probable	CONTINGENT LIABILITY
254	Zama Traffic Signals	Contractual dispute: Applicant sought an order to review the Municipality's decision to cancel a contract of services.	2015	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel:033 940 1497, fax:0862428747, e-mail:mail@mflaw.co.za, advocate A. De Wet, 17 Prince Edward Street, Advocates' Chambers, tel: 0338453534, fax: 033-3428941, e-mail:dewet@group8.co.za	R 1 076 846.01 plus costs of the application. Costs and further legal fees cannot be quantified at this stage as the matter is ongoing.	1 076 846.01	Not probable	CONTINGENT LIABILITY

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NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 31 July 2017 and quantum, where applicable	Amount	Probability of outflow	DISCLOSURE
255	Msunduzi Municipality/Gubela Trading	Contractual dispute: Applicant sought an order to review the Municipality's decision to cancel a contract of services.	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel:033 940 1497, fax:0862428747,e-mail:mail@mfiaw.co.za, advocate A. De Wet, 17 Prince Edward Street, Advocates' Chambers, tel: 0338453534, fax: 033-3428941,e-mail:dewet@group8.co.za	R595 337.26 plus costs of the application. Costs and further legal fees cannot be quantified at this stage as the matter is ongoing.	595 337.26	Not probable	CONTINGENT LIABILITY
256	Various Employees from Community Services (8)	Delictual Claim: Plaintiffs are suing the municipality for alleged assault that took place during an unprotected strike.	2016	Internal	Letters of demand received.R350 000.00 claimed by each employee.	2,800,000.00	Not probable	CONTINGENT LIABILITY
TOTAL						3,990,174.96		

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NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 30 June 2016 and quantum, where applicable	Amount	PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES	
6	Kheswa v. Msunduzi Municipality	Delictual Claim: The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2009	Internal	R30 470.12 Plus interest at 15.5 per cent per annum. Ongoing.	R 30,470.12	Not probable	CONTINGENT LIABILITY
7	FBI Khan and RY Khan v Msunduzi Municipality	Delictual Claim. The claim arises from Plaintiff's motor vehicle colliding with a street lamp belonging to the Municipality.	2009	Internal	R63 280.39 Plus interest at 15.5 per cent per annum and R1267.00 Plus interest at 15.5 per cent per annum. Matter was previously set down for trial and is part heard.	R 64,547.39	Not probable	CONTINGENT LIABILITY
8	Orion Telecom v. Msunduzi Municipality	Contractual Claim: Plaintiff sued the Municipality for outstanding fees in terms of a contract.	2007	Internal	R 92 189.52 and R23047.38 Plus interest at 15.5 per cent per annum. Plea filed. Plaintiff did not proceed any further.	R 115,236.90	Not probable	CONTINGENT LIABILITY
10	Nzaba IN v Msunduzi Municipality	Delictual Claim. The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2008	Bhamjee Attorneys: Tel 033 394 2007 Fax 033 394 2033 Physical Address 191 Burger Street, Pietermaritzburg, 3201. Postal Address PO Box 1336, Pietermaritzburg, 3200.	R73 500.00 Plus interest at 15.5 per cent per annum. Set down for trial was part-heard. Ongoing.	R 73,500.00	Not probable	CONTINGENT LIABILITY
12	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Memorandum of Agreement Dispute. Plaintiff owed monies by the Municipality in terms of a contract.	2007	Internal	R210 749.00 Plus Vat at 14 per cent. In court.	R 210,749.00	Not probable	CONTINGENT LIABILITY
13	Hampton College v. Msunduzi Muni	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality on the validity of training courses provided by the Plaintiff.	2007	Afzal Akoo and Partners Tel: 033 394 7274 Fax: 033 345 0938. Physical Address 187 Boshoff Street, Pietermaritzburg, 3201. Postal Address PO Box 7836, Cumberwood, 3235. and Kruger Ngcobo Inc. Tel 031 306 4352 Fax: 031 305 4340 Physical Address 25 Field Street, Suite 1102, Durban Postal Address PO Box 49467 Qualbert 4078. and ADV Flemming Tel: 033 845 3576 Fax: 033 394 8374, Physical Address Advocates Chambers, Block B3 17 Prince Edward Street, Pietermaritzburg, 3201.	R85 470.00 plus interest at 15.5 per cent per annum. Part - heard. Ongoing.	R 85,470.00	Not probable	CONTINGENT LIABILITY
14	Chetty K. v. Msunduzi Municipality	Delictual Claim. The claim herein arises from a motor vehicle collision involving Plaintiff's vehicle and a Municipal vehicle.	2006	Internal	R26 169.86 Plus interest at 15.5 percent per annum. Ongoing.	R 26,169.86	Not probable	CONTINGENT LIABILITY
15	R. Terty v Msunduzi Municipality	Delictual Claim: The claim arises from a cremation that was allegedly not done correctly. The Plaintiff's are suing for the trauma they were subjected to.	2007	Insurance	R50 000.00 plus interest at 15.5 per cent per annum. Ongoing	R 50,000.00	Not probable	CONTINGENT LIABILITY
16	Terwolbeek PJ v Msunduzi Municipality	Delictual Claim: A water pipe allegedly causing flooding at Plaintiff's property and damaging his household appliances.	2008	Insurance	R1 121 620. 00 plus interest at 15.5 per cent per annum. Ongoing.	1 121 620. 00	Not probable	CONTINGENT LIABILITY
17	Govender RS v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2008	Internal	R75 000.00 plus interest at 15.5 per cent per annum. A discovery affidavit has been filed. The matter is ongoing.	R 75,000.00	Not probable	CONTINGENT LIABILITY
18	A and F Mall v Msunduzi Municipality	Disputed Electricity Account.	2007	Internal	R17 181.33 plus interest at 15.5 per cent per annum. Various correspondence exchanged between attorneys of record. The matter is ongoing.	R 17,181.33	Not probable	CONTINGENT LIABILITY
19	Mkungisa E v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle as a result of a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee within the course and scope of his employment.	2007	Internal	R 6213.00 plus interest at 15.5 per cent per annum. Part-heard. The Defendant filed an amended plea (defence). The matter is ongoing.	R 6,213.00	Not probable	CONTINGENT LIABILITY
20	F. Osman V Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2007	Internal	R306 666.44 plus interest at 15.5 per cent per annum. A defendants plea has been filed. The matter is ongoing.	R 306,666.44	Not probable	CONTINGENT LIABILITY
21	Zulu TE v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle as a result of a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2007	Internal	R 8709.22 plus interest at 15.5 per cent per annum. Correspondence exchanged between attorneys of record. The matter is ongoing.	R 8,709.22	Not probable	CONTINGENT LIABILITY
22	Rabikisoan R v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained during a fall on an uneven pavement on Relief Street.	2007	Internal	R20 000.00 plus interest at 15.5 per cent per annum. Ongoing.	R 20,000.00	Not probable	CONTINGENT LIABILITY

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NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 30 June 2016 and quantum, where applicable	Amount	PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES	
23	Zuma NG v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2008	Internal	R100 000.00 Plus interest at 15.5 per cent per annum. Correspondence exchanged between attorneys of record. The matter is ongoing.	R 100,000.00	Not probable	CONTINGENT LIABILITY
24	Van Straaten W(DR) v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2008	Internal	R96 401. 43 plus interest at 15.5 per cent per annum. Ongoing.	96 401. 43	Not probable	CONTINGENT LIABILITY
25	Majozi NV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained due to a fall on an uneven pavement in Retief Street.	2007	Uys Matyeka Schwartz: Tel 031 312 2064 Fax: 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R110 046.28 plus interest at 15.5 per cent per annum. Part-heard	R 110,046.28	Not probable	CONTINGENT LIABILITY
26	Zondi PS v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2007	Internal	R15 080.00 plus interests at 15.5 per cent per annum. The matter is ongoing.	R 15,080.00	Not probable	CONTINGENT LIABILITY
27	Omarjee M. v Msunduzi Municipality	Delictual Claim: The plaintiff is suing the Municipality because of injuries sustained due to an act of assault by Municipal Traffic Officers in the course and scope of their employment.	2005	Internal	R 31 000.00 plus interest at 15.5 per cent per annum. Settlement negotiations have been initiated. The matter is ongoing.	R 31,000.00	Not probable	CONTINGENT LIABILITY
28	Painter LV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle after a tree had fallen on top of Plaintiff's vehicle.	2006	Internal	R45 361.38 plus interest at 15.5 per cent per annum. Pre-trial notices have been exchanged. The matter is ongoing.	R 45,361.38	Not probable	CONTINGENT LIABILITY
29	Dladla G v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2006	Internal	R20 000.00 plus interest at 15.5 per cent per annum. Further particulars were requested from Plaintiff. The matter is ongoing.	R 20,000.00	Not probable	CONTINGENT LIABILITY
30	Roelofse v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for injuries sustained due to a fall on an uneven pavement in Drumond Street.	2002	Internal	R41 032.58 plus interest at 15.5 per cent per annum. A defendant's plea was filed. The matter is ongoing.	R 41,032.58	Not probable	CONTINGENT LIABILITY
31	Premier of KZN v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to its property as a result of a tree that had fallen.	2003	Internal	R 11 340. Various correspondence exchanged between attorneys of record. Ongoing.	R 11,340.00	Not probable	CONTINGENT LIABILITY
32	Sulaiman R v Msunduzi Municipality	Delictual Claim: Plaintiff fell into a manhole when its cover caved in under her foot and sustained injuries.	1998	Internal	R50 000.00 plus interest at 15.5 per cent per annum. Pre-trial notices have been exchanged. The matter is ongoing.	R 50,000.00	Not probable	CONTINGENT LIABILITY
33	Haffejee RB v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2004	Internal	R98 000.00 plus interest at 15.5 per cent per annum. Ongoing	R 98,000.00	Not probable	CONTINGENT LIABILITY
34	Makhaye S v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2005	Internal	R42 704. 96 plus interest at 15.5 per cent per annum. Matter finalised. Municipality successfully defended claim motor vehicle collision.	42 704. 96	Not probable	CONTINGENT LIABILITY
35	Zondi M. v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for alleged unlawful arrest and detention by Municipal Traffic Officers.	2006	Internal	R50 000.00 plus interest at 15.5 per cent per annum. Matter set down. Part-heard. Unlawful arrest.	R 50,000.00	Not probable	CONTINGENT LIABILITY
42	Ngcobo RB v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2003	Internal	R 11375.27 plus interest at 15.5 per cent per annum. Matter ongoing.	R 11,375.27	Not probable	CONTINGENT LIABILITY
43	Mthimkhulu S. v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality on behalf of a minor child who was injured when an electrical meter box exploded and caught fire in the vicinity of Wonderers Crescent.	2009	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 204 650. 00 plus interest at 15.5 per cent per annum. The matter has been finalised. Plaintiff served a notice of withdrawal of action	204 650. 00	Not probable	CONTINGENT LIABILITY
44	Mamusa Marketing v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after having been involved in a collision with a Municipal vehicle driven by an employee in the course and scope of his employment.	2007	Internal	R 9823.48 plus interest at 15.5 per cent per annum. The matter is part-heard.	R 9,823.48	Not probable	CONTINGENT LIABILITY
46	Ogilvie I v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality for injury caused by trenches on public road.	2006	Insurance	R 166 160.54 plus interest at 15.5 per cent per annum. Ongoing.	R 166,160.54	Not probable	CONTINGENT LIABILITY
47	Ngcobo DV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality on behalf of a minor child who was knocked by a bobcat tractor driven by a Municipal employee in the course and scope of his employment.	2007	Insurance	R 1 800 000.00 plus interest at 15.5 per cent per annum. A Defendant's plea was filed. The matter is handled by external insurers. Ongoing.	R 1,800,000.00	Not probable	CONTINGENT LIABILITY
48	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 2424.50 plus interest at 15.5 per cent per annum. Plaintiff's attorney's of record withdrew. Matter held in abeyance.	R 2,424.50	Not probable	CONTINGENT LIABILITY
49	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 5519.06 plus interest at 15.5 per cent per annum. Plaintiff's attorney's of record withdrew. Matter held in abeyance.	R 5,519.06	Not probable	CONTINGENT LIABILITY
50	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 5586.00 plus interest at 15.5 per cent per annum. Plaintiff's attorney's of record withdrew. Matter held in abeyance.	R 5,586.00	Not probable	CONTINGENT LIABILITY

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51	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 1721.40 plus interest at 15.5 per cent per annum.Plaintiff's attorney's of record withdrew.Matter held in abeyance.	R 1,721.40	Not probable	CONTINGENT LIABILITY
52	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 4902.00 plus interest at 15.5 per cent per annum.Plaintiff's attorney's of record withdrew.Matter held in abeyance.	R 4,902.00	Not probable	CONTINGENT LIABILITY
53	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 5163.06 plus interest at 15.5 per cent per annum.Plaintiff's attorney's of record withdrew.Matter held in abeyance.	R 5,163.06	Not probable	CONTINGENT LIABILITY
54	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R 5506.20 plus interest at 15.5 per cent per annum.Plaintiff's attorney's of record withdrew.Matter held in abeyance.	R 5,506.20	Not probable	CONTINGENT LIABILITY
55	Naidoo Kogulan v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality caused by having fallen into an uncovered manhole.	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum.Matter is ongoing.	R 100,000.00	Not probable	CONTINGENT LIABILITY
56	Majozi HS v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for injuries sustained as a result of having fallen into an uncovered manhole.	2010	Internal	R 95 000.00 plus interest at 15.5 per cent per annum.Matter is ongoing.	R 95,000.00	Not probable	CONTINGENT LIABILITY
57	Dlamini BM v Msunduzi Municipality	Delictual Claim: Plaintiff's minor child fell into an open trench/ drainage system and sustained injuries to their lower limbs.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 300 000.00 plus interest at 15.5 per cent per annum. The matter is ongoing.	R 300,000.00	Not probable	CONTINGENT LIABILITY
58	Bishop's roadworks v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2009	Internal	R 120 000.00 plus interest at 15.5 per cent per annum. Appearance to defend has been filed. Matter is ongoing.	R 120,000.00	Not probable	CONTINGENT LIABILITY
60	Daljeeth Daljeeth v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality after he fell and sustained injuries due to certain steel rods that were protruding dangerously on the pavement.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 200 000.00 plus interest at 15.5 per cent per annum.Matter is ongoing.	R 200,000.00	Not probable	CONTINGENT LIABILITY
62	Ngubane TT v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his property after a stream overflowed into his property as a result of municipal employee's negligence.	2010	Insurance	R118 490.00 plus interest at 15.5 per cent per annum. An assessment was conducted by an independent assessor. Matter is ongoing.	R 118,490.00	Not probable	CONTINGENT LIABILITY
67	Gayer Gail v Msunduzi Municipality	Delictual Claim: Plaintiff fell of her bicycle due to a collision with a pothole/ an uneven road surface.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 262 473.98 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing.	R 262,473.98	Not probable	CONTINGENT LIABILITY
68	Selepe H v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2010	Internal	R 5 189.35 plus interest at 15.5 per cent per annum.Ongoing.	R 5,189.35	Not probable	CONTINGENT LIABILITY
69	Mahlaba B o.b.o. Mahlaba AY v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for a shooting incident that resulted in the death of a minor child. A municipal employee fired a shot whilst in the course and scope of his employment.	2010	Internal/Insurance	R 1000 000.00 plus interest at 15.5 per cent per annum. A letter of demand was received and sent to the Insurance Section for an investigation. The matter is ongoing.	R 1,000,000.00	Not probable	CONTINGENT LIABILITY
72	Reddy Ronald v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R282 818.08 plus interest at 15.5 per cent per annum. The matter is part-heard.	R 282,818.08	Not probable	CONTINGENT LIABILITY
73	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R8 051 632. 79 plus interest at 15.5 per cent per annum.Ongoing.	8 051 632. 79	Not probable	CONTINGENT LIABILITY
74	Mavundla AB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for being allegedly unlawfully arrested and detained by Municipal Traffic Officers.	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum. A notice of application in terms of Rule 55 (A) has been received. Ongoing.	R 100,000.00	Not probable	CONTINGENT LIABILITY
75	Ngidi SS v. Msunduzi Municipality	Delictual claim. Plaintiff suing Municipality on behalf of a minor child for injuries caused by leaving electricity wires uncovered.	2010	Internal/Insurance	R 2200 000.00 . Ongoing.	2200 000.00 .	Not probable	CONTINGENT LIABILITY
78	Mbatha BC v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2010	Internal	R 16 794.48 plus interest at 15.5 per cent per annum. A letter of demand has been received and sent to the Insurance Section for investigation. The matter is ongoing.	R 16,794.48	Not probable	CONTINGENT LIABILITY
84	Nondzanga Z. v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for allegedly confiscating his trolley and his goods subsequently going missing.	2011	Internal	R 22 232.97 plus interest at 15.5 per cent per annum.Ongoing.	R 22,232.97	Not probable	CONTINGENT LIABILITY
85	Union Risk Management Alliance (PTY) LDT v. Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to its property as a result of a fire allegedly caused by electrical faults.	2011	Internal	R152 948.84 plus interest at 15.5 per cent per annum. A letter of demand was received and sent to external insurers. The matter is ongoing.	R 152,948.84	Not probable	CONTINGENT LIABILITY

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86	Diadla NB v. Msunduzi Municipality	Overpayment of Rates. The Plaintiff is disputing a rates account and is seeking reimbursement.	2011	Internal	R109 038.97 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing.	R 109,038.97	Not probable	CONTINGENT LIABILITY
102	KZN-Digi connect	Claim by contractor for payment for IT services allegedly rendered.	2012	Mr. Alwyn Volsum: 033 394 8116; 4 George Street, Pietermaritzburg, tel:394 8116, fax:0866215902, email: vcl@iafrica.com, Advocate VM . Naidoo: 033 845 3535.	Claim for R505 000.00 plus interest plus legal costs. Matter not being pursued by plaintiff.	R 505,000.00	Not probable	CONTINGENT LIABILITY
111	Joubert ML v. Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2011	Internal	R 100 550.00 plus interest at 15.5 per cent per annum.ongoing.	R 100,550.00	Not probable	CONTINGENT LIABILITY
115	Sayed J t/a Metro Taxis and yellow cabs v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2012	Internal	R 15 950 .52 plus interest at 15.5 per cent per annum. A letter of demand has been received and sent to the Insurance Section for investigation. The matter is ongoing.	15 950 .52	Not probable	CONTINGENT LIABILITY
117	Bishop's roadworks v. Msunduzi Municipality	Contractual claim. Plaintiff suing the Municipality in terms of a contract.	2012	Internal	R19 609.98 plus interest at 15.5 per cent per annum and R12 938.95 plus interest at 15.5 per cent per annum.Ongoing.	R 19,609.98	Not probable	CONTINGENT LIABILITY
120	Govender K v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2012	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 180 000.00 plus interest at 15.5 per cent per annum. A Discovery affidavit has been filed. The matter is ongoing.	R 180,000.00	Not probable	CONTINGENT LIABILITY
122	Check One Supermarket (PTY) LTD v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for overcharges in relation to a water account.	2012	Internal	R139 961.45 plus interest at 15.5 per cent per annum.Ongoing.	R 139,961.45	Not probable	CONTINGENT LIABILITY
124	Subrimoney v Msunduzi Municipality	High Court Application: Disconnection of Electricity Supply.	2012	Mastross attorneys: Mr Ori Tel 033 394 5828 Fax: 033 394 5792 Physical Address 393 Jabu Ndlovu Street Postal Address PO Box 3139, Pietermaritzburg, 3200.	There is no monetary claim; however Council could be liable for legal costs.Ongoing.		Not probable	CONTINGENT LIABILITY
127	Smith JC v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to her vehicle due to colliding with a pothole.	Dec-12	Internal	R 17 847.94 plus interest at 15.5 per cent per annum.The matter is part-heard.	R 17,847.94	Not probable	CONTINGENT LIABILITY
128	Goga Y v Msunduzi Municipality	High Court Application: Disconnection of Electricity Supply.	Dec-12	Diedricks Inc Tel 033 342 9808 fax 086 219 1672 Physical Address 90 C Roberts Road, Clarendon, Pietermaritzburg. Postal Address PO Box 50, Pietermaritzburg, 3200 and Adv V Sibeko 033 897 8487 Fax 033 897 8486. Physical/ Postal Address Group 16, 161 Pietermaritz Street, Pietermaritzburg, 3201.	There is no monetary claim; however Council could be liable for legal costs.Ongoing.		Not probable	CONTINGENT LIABILITY
130	Mkhonza B. v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality due to a fall on an uneven pavement slab.	Oct-12	Internal	R 293 000.00 plus interest at 15.5 per cent per annum.Ongoing.	R 293,000.00	Not probable	CONTINGENT LIABILITY
132	Ibrahim M. v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	Apr-13	Internal	R 7000.00 plus interest at 15.5 per cent per annum.Ongoing.	R 7,000.00	Not probable	CONTINGENT LIABILITY
133	Bukus HM v Msunduzi Municipality	Delictual Claim: The claim arises from a motor vehicle collision involving Plaintiff's vehicle and a Municipal vehicle driven by an employee in the course and scope of his employment.	May-13	Internal	R 17 270.24 plus interest at 15.5 per cent per annum.Ongoing.	R 17,270.24	Not probable	CONTINGENT LIABILITY
135	Wood DM v. Msunduzi Municipality	Delictual Claim: The Plaintiff sustained injuries due to a fall caused by an uneven pavement.	Oct-12	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 123 000.00 plus interest at 15.5 per cent per annum. The Defendant has filed an amended plea. The matter is ongoing.	R 123,000.00	Not probable	CONTINGENT LIABILITY
137	Ramharak RJ v Msunduzi Municipality	Delictual Claim: The Plaintiff is a Municipal employee. He is suing the Municipality because he was assaulted by a fellow employee within the premises of the Municipality whilst they were in the course and scope of their employment.	Nov-12	Internal	R 300 000.00 plus interest at 15.5 per cent per annum. An appearance to defend has been filed. Ongoing.	R 300,000.00	Not probable	CONTINGENT LIABILITY

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139	Ogle COO v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	Dec-12	Internal/Insurance	R 300 000.00 plus interest at 15.5 per cent per annum. An appearance to defend has been filed. The matter is ongoing.	R 300,000.00	Not probable	CONTINGENT LIABILITY
141	Makhaye SB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	Mar-13	Internal	R8688.46 plus interest at 15.5 per cent per annum. An application to dismiss was received and opposed. Various correspondences exchanged between attorneys of record. The matter is ongoing.	R 8,688.46	Not probable	CONTINGENT LIABILITY
142	Transnet (PTY)LTD v Msunduzi Municipality	Delictual claim. The claim arises from a motor vehicle collision involving a municipal vehicle and the plaintiff's vehicle.	Mar-13	Internal	R 48 409.10 plus interest at 15.5 per cent per annum.Ongoing.	R 48,409.10	Not probable	CONTINGENT LIABILITY
143	Ngcobo NP v Msunduzi Municipality	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	Apr-13	Internal	R 1639.11 plus interest at 15.5 per cent per annum. A letter of demand has been received and sent to the Insurance Section for an investigation.Ongoing.	R 1,639.11	Not probable	CONTINGENT LIABILITY
144	Barnard S. v. Msunduzi Municipality	Delictual Claim: The claim arises from a power surge claim where Plaintiff's goods were damaged.	Feb-13	Internal	R 8369.97 plus interest at 15.5 per cent per annum. A letter of demand has been received and sent to the insurance Section for an investigation.Ongoing.	R 8,369.97	Not probable	CONTINGENT LIABILITY
145	Karim S. v. Msunduzi Municipality	Disputed Account for electricity and Rates. Mr Karim claims that he has sold the property.	Sep-12	Internal	R 4211.52 plus interest at 15.5 per cent per annum. A letter of demand has been received. The matter is ongoing.	R 4,211.52	Not probable	CONTINGENT LIABILITY
158	Magicone Investments	Interdict: Town Planning . Interdict to demolish wall.	2012	Matthew Francis Inc.221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mflaw.co.za, Advocate AJ Dickson, 17 Prince Edward Street, Advocates' Chambers, tel: 38453542/3, fax: 38453544,e-mail:adickson@law.co.za	No monetary claim. Costs and legal fees cannot be quantified at this stage as matter is ongoing		Not probable	CONTINGENT LIABILITY
172	I. Hansa	Delictual Claim: Plaintiff fell into an uncovered manhole in the vicinity of Mountain rise.	2013	Internal	R21 394.50 . A letter of demand has been received and sent to Insurance Section for an investigation. Ongoing. A summons was issued in November 2015. The matter is being defended internally.	R 21,394.50	Not probable	CONTINGENT LIABILITY
173	Y. Maharaj	Delictual Claim: A power surge caused damage to Plaintiff's household appliances.	2013	Internal	R 30 924.99 . A letter of demand has been received and sent to Insurance for an investigation. Ongoing.	R 30,924.99	Not probable	CONTINGENT LIABILITY
174	V. Maharaj	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	2013	internal	R 20 497. 49 . A letter of demand has been received and sent to the Insurance Section for an investigation. Ongoing.	20 497. 49	Not probable	CONTINGENT LIABILITY
175	N.I. Dlamini	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	2013	Internal	R1012.83. A letter of demand has been received and sent to the Insurance Section for an investigation. Ongoing.	R 1,012.83	Not probable	CONTINGENT LIABILITY
177	K.Shangase	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2013	Internal	R11099.6 .Ongoing.	R 11,099.60	Not probable	CONTINGENT LIABILITY
178	CDK Investments Trust CC	Electricity Disconnection Acc number 2915243. The Plaintiff is disputing the disconnection.	2013	Internal	Costs cannot be quantified at this stage.Ongoing.		Not probable	CONTINGENT LIABILITY
179	CDK Investments Trust CC	Electricity Disconnection Acc number 2976214. The Plaintiff is disputing the disconnection.	2013	Internal	Costs cannot be quantified at this stage.Ongoing.		Not probable	CONTINGENT LIABILITY
183	K. Murugan	Disputed Electricity Account	2014	Internal	No monetary value at this stage. A letter of demand has been received and sent to the Billing Section.Ongoing.		Not probable	CONTINGENT LIABILITY
184	ABI Soft Drinks Division	Rates Recovery: The Plaintiff is disputing a rates account and is seeking reimbursment.	2014	Internal	R 125 837.97 . A letter of demand has been received and various meeting held with the Billing Section. Ongoing.	R 125,837.97	Not probable	CONTINGENT LIABILITY
192	Transnet / Occupiers of Woodlands and Msunduzi Municipality	application for eviction of illegal occupiers from railway sidings. Msunduzi a party because it previously agreed to move occupiers.Social survey now completed. Application for funding to relocate the occupiers made to DOHS.	2013	Matthew Francis Inc.221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mflaw.co.za, advocate AJ Dickson, 17 Prince Edward Street, Advocates' Chambers, tel: 38453542/3, fax: 38453544,e-mail:adickson@law.co.za	Costs if unsuccessful and costs of relocation. Matter on-going.		Not probable	CONTINGENT LIABILITY
205	Gonal Construction CC	claim for breach of contract for non-payent	2014	Internal	R901,118.93 plus 15 % interest per annum	901,118.93	Not probable	CONTINGENT LIABILITY
214	Mabusi Contractor	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2014	Internal	R8000 000.00. The plaintiff issued a letter of demand against the Municipality for monies owed in terms of a contract. The matter has been referred to the relevant departments for a response. The matter is ongoing.	R 8,000,000.00	Not probable	CONTINGENT LIABILITY

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227	Farouk Jasat	Delictual Claim: Plaintiffs motor vehicle collided with a pothole on Scania Road Intersection.	2014	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel: 033 940 1497, fax: 0862428747, e-mail: mail@mfilaw.co.za	R54 588.60. The matter is being defended, during May pre-trial notices exchanged.	R 54,588.60	Not probable	CONTINGENT LIABILITY
228	SBB Ngcobo	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2014	Internal	The rule nisi has been extended until discharged and the matter has been adjourned sine die to prevent accrual of further costs. Attorneys in the process of settling the matter.		Not probable	CONTINGENT LIABILITY
242	Bermin Investments CC t/a Magalela electrical	Contractual claim. Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	R 170 100 .69. This is a claim arising from a contractual dispute. The claim is being defended and an appearance to defend as well as a defendant's plea have been filed.	170 100 .69	Not probable	CONTINGENT LIABILITY
247	L. Mentory	Delictual Claim: The plaintiff is suing the Municipality for damages as a result of his motor vehicle having collided with a pothole in the vicinity of Otto's Bluff Road.	2015	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel: 033 940 1497, fax: 0862428747, e-mail: mail@mfilaw.co.za, Advocate Anton Flemming	R 31 487.02 (claim amount) plus interest thereon at 15.5% plus costs. The matter is ongoing.	R 31,487.02	Not probable	CONTINGENT LIABILITY
259	Southern African Music Rights Organisation	Breach of contract in terms of copyright laws.	2015	Matthew Francis Inc. 221 pietermaritz street, tel: 0873510600, fax: 0862428747, e-mail: mail@mfilaw.co.za	R170 265.21 Summons received. Municipality entering an appearance to defend. Matter ongoing.	R 170,265.21	Not probable	CONTINGENT LIABILITY
277	Barleđa Plant and Civils	Contractual Dispute	2015	Matthew Francis Inc. 221 pietermaritz street, tel: 0873510600, fax: 0862428747, e-mail: mail@mfilaw.co.za,	Plaintiff advised Municipality that it was unable to perform in terms of a contract awarded for the upgrading of District Road D 2069, Vulindlela, on 3 October 2014. A letter confirming cancellation of the contract was transmitted by Supply Chain Management to Plaintiff. On 17 Oct 2014, We have cancelled the contract and placed plaintiff on terms. We have also attended to invoke the performance guarantee.		Not probable	CONTINGENT LIABILITY
280	Moosa Omar	Debatement of Electricity Account.	2015	Xaba Attorneys, 251 Church Street, Suit 201, 2nd floor, Fedsure Building, Pietermaritzburg, 3200, tel: 0333457927, fax: 0333456985, cell: 0720390353, e-mail: dumixaba@xabainc.co.m	Debatement meeting took place. Finance to interrogate services account and advise on correctness. Matter ongoing		Not Probable	
287	Gomla Singh	Interdict: To prevent the Municipality from disconnecting electricity.	2015	Mdledle Inc. 25 Rushmore Road; Hayfields; Pietermaritzburg; 3201; Tel 033 345 4022	No monetary value however the municipality could be liable for costs if unsuccessful. Awaiting the Plaintiff to set the matter down for hearing. The plaintiff attorneys advised that they are awaiting instructions. Matter ongoing		Not probable	CONTINGENT LIABILITY
288	Belinda Lisa Bramdaw	Interdict: To prevent the Municipality from disconnecting electricity.	2015	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv R Padayachee SC Tel: 033 845 3546 Fax 033 394 5744 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	The application is against the Municipality. Our instructing Attorneys received letter from Applicant's Attorneys wanting to meet to settle matter. Matter ongoing.		Not probable	CONTINGENT LIABILITY
290	Anthoo Marion and Associates	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	R12935.00. An appearance to defend has been filed at court.	12935.00.	Not probable	CONTINGENT LIABILITY



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291	Order: Kestner Plant Manufacturers (pty) Ltd, Englington Family Trust, Lindy Le Roux, Telabib (PTY) Ltd	Court order	Dec-15	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv R Padayachee SC Tel: 033 845 3546 Fax 033 394 5744 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	No Risk. Estimate of legal fees		Not probable	CONTINGENT LIABILITY
317	S.S.Nyoka	Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle.	2016	Internal	R67 008.77. The summons herein was issued in the Magistrates Court. An appearance to defend has been filed.	R 67,008.77	Not probable	CONTINGENT LIABILITY
318	Ilitha Research and Management CC	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Internal	R62 768.00. The summons was issued in the Magistrates Court. Further particulars were sought from ICT and an appearance to defend has been filed. The matter is ongoing.	R 62,768.00	Not probable	CONTINGENT LIABILITY
322	Various Employees from Community Services (31)	Delictual Claim: Plaintiffs are suing the municipality for alleged assault that took place during an unprotected strike.	2016	Matthew Francis Inc.221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mfilaw.co.za,	R350 000.00 claimed by each employee (R10 850 000.00). Letters of demand have been received and forwarded to external insurers.	R 350,000.00	Not probable	CONTINGENT LIABILITY
323	Bigen Afrika Services (PTY) Ltd.	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Matthew Francis Inc.221 pietermaritz street,tel0873510600, fax:0862428747,e-mail:mail@mfilaw.co.za,	R919 979.31. A summons has been received. An appearance to defend will be filed at court. Matter on-going.	R 919,979.31	Not probable	CONTINGENT LIABILITY
						R 18,485,866.25		